

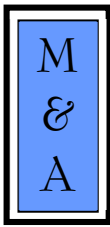
**South Park Ambulance District  
Fairplay, Colorado**

**Financial Statements  
December 31, 2023**

**South Park Ambulance District  
Financial Statements  
December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
South Park Ambulance District  
Fairplay, CO**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities of South Park Ambulance District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise South Park Ambulance District basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of South Park Ambulance District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Park Ambulance District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**South Park Ambulance District**  
**Fairplay, CO**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

U.S. GAAP require the Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 U.S. GAAS, 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.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**South Park Ambulance District**  
**Fairplay, CO**

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Park Ambulance District's basic financial statements. The individual fund budgetary comparison in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison 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 U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**July 23, 2024**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# SOUTH PARK AMBULANCE DISTRICT

## Management's Discussion and Analysis December 31, 2023

We, the financial managers of the South Park Ambulance District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2023.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

### Financial Statements

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), 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 Statement of Revenues, Expenses, and Changes in Fund Net Position shows how the government's net position changed during the years presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Cash Flows shows the District's sources of cash inflows and outflows during the years presented. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities, and unlike items reported in the Statement of Revenues, Expenses and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The Schedule of Revenues and Expenditures – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts; the District's budget was adopted in a manner that is presented on a Non-GAAP basis with a reconciliation to GAAP basis and is shown in Section E.

The business-type activity of the District relates to the provision of emergency medical services and ambulance transportation.

The District's financial statements can be found in Section C of this report.

## Overview of the Financial Statements (continued)

### Proprietary Funds

The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its emergency medical services and ambulance transportation.

### Notes to the Financial Statements

The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

### Financial Analysis of the District

The following chart shows the District's assets, liabilities, and net position for 2023 and 2022:

| <b>South Park Ambulance District's Net Position</b> |                   |                   |
|---|-------------------|-------------------|
|   | <b>2023</b>       | <b>2022</b>       |
| <b>Assets:</b>                                      |                   |                   |
| Current and other assets                            | 9,905,873         | 7,627,414         |
| Capital assets                                      | 7,162,535         | 6,889,472         |
| <b>Total Assets</b>                                 | <b>17,068,408</b> | <b>14,516,886</b> |
| <b>Liabilities:</b>                                 |                   |                   |
| Other liabilities                                   | 100,343           | 298,972           |
| Long-term liabilities                               | 4,669,896         | 5,033,233         |
| <b>Total Liabilities</b>                            | <b>4,770,239</b>  | <b>5,332,205</b>  |
| <b>Deferred Inflows of Resources:</b>               |                   |                   |
| Unavailable property tax                            | 5,097,706         | 3,042,784         |
| <b>Net Position:</b>                                |                   |                   |
| Invested in capital assets,<br>net of related debt  | 2,608,791         | 2,728,881         |
| Unrestricted  | 4,591,672         | 3,413,016         |
| <b>Total Net Position</b>                           | <b>7,200,463</b>  | <b>6,141,897</b>  |

In 2023, the current assets increased due to an increase in cash and property tax receivable. Overall liabilities decreased due to principal payment of long-term debt.

Approximately 36% of the District's net position reflects its investment in capital assets, net of related debt. The portion of the outstanding debt (discussed on pages D8 through D9 of the Notes to the Financial Statements) attributable to the unspent loan proceeds is included in the calculation of net investment in capital assets as of December 31, 2023. The District uses these capital assets to provide services to its citizens; therefore, these net are not available for future spending. The remaining balance of net position totaling \$4,591,672 may be used to meet the District's ongoing obligations relating to its operations.

## Financial Analysis of the District (continued)

At the end of 2023 and 2022 fiscal years, the District is able to report positive balances in both categories of net position. Overall, the District's net position increased from the prior year, reflecting expense control and adequate financial resources for operations.

The following chart is a summary of information relating to the District's Statement of Revenues, Expenses and Changes in Fund Net Position:

| <b>South Park Ambulance District's Changes in Net Position</b> |                  |                  |
|--|------------------|------------------|
|  | <b>2023</b>      | <b>2022</b>      |
| <b>Revenues:</b>   |                  |                  |
| Program revenues:  |                  |                  |
| Charges for services   | 1,125,600        | 1,017,255        |
| Medicaid supplemental revenue                                  | 313,804          | 370,526          |
| General revenues:  |                  |                  |
| Property taxes   | 3,034,246        | 2,915,269        |
| Specific ownership taxes                                       | 352,774          | 336,091          |
| Investment income  | 240,141          | 85,120           |
| Grant revenue  | 7,029            | 6,760            |
| Miscellaneous income   | -                | 5,916            |
| <b>Total Revenues</b>  | <b>5,073,594</b> | <b>4,736,937</b> |
| <b>Expenses:</b>   |                  |                  |
| Operating expenses   | 2,914,834        | 2,774,473        |
| Bad debts  | 694,835          | 609,106          |
| Depreciation   | 292,196          | 224,186          |
| Interest expense   | 113,163          | 117,038          |
| Debt issuance costs  | -                | 65,000           |
| <b>Total Expenses</b>  | <b>4,015,028</b> | <b>3,789,803</b> |
| <b>Change in Net Position</b>                                  | <b>1,058,566</b> | <b>947,134</b>   |
| <b>Net Position - Beginning</b>                                | <b>6,141,897</b> | <b>5,194,763</b> |
| <b>Net Position - Ending</b>                                   | <b>7,200,463</b> | <b>6,141,897</b> |

Property taxes were the most significant source of revenues, accounting for 60% of total revenues. Charges for services provided to patients accounted for 22% of revenues. Operating expenses increased mainly as the result of wages, payroll taxes and benefits incurred during 2023.

### Budget Variances in the Enterprise Fund

The District was not required to amend the budget for the 2023 fiscal year. The expenses of the District's enterprise fund did not exceed the fund budget.

## Budget Variances in the Enterprise Fund (continued)

Significant budget variances were as follows:

| <u>Account</u> | <u>Budget</u> | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|----------------|---------------|----------------------|-------------------------------------|
|----------------|---------------|----------------------|-------------------------------------|

### Revenues:

|                           |           |           |         |
|---------------------------|-----------|-----------|---------|
| Ambulance service charges | \$975,000 | 1,125,600 | 150,600 |
|---------------------------|-----------|-----------|---------|

**Reason:** Conservative budgeting. Fiscal year 2023 budget based on history but call volume remained high in 2023.

|                   |          |         |         |
|-------------------|----------|---------|---------|
| Investment Income | \$30,000 | 240,141 | 210,141 |
|-------------------|----------|---------|---------|

Reason: Conservative budgeting. Fiscal year 2023 budget based on historical interest rates, but rates increased during the year.

### Expenditures:

|                            |             |           |         |
|----------------------------|-------------|-----------|---------|
| Wages, taxes, and benefits | \$2,895,000 | 2,042,292 | 852,708 |
|----------------------------|-------------|-----------|---------|

**Reason:** Conservative budgeting. Fiscal year 2023 budget higher than anticipated in case of wage and staffing increases.

|                |             |         |         |
|----------------|-------------|---------|---------|
| Capital Outlay | \$1,210,000 | 565,259 | 644,741 |
|----------------|-------------|---------|---------|

**Reason:** Conservative budgeting. Fiscal year 2023 budget higher than anticipated in case of any additional costs related to the new building project that was completed in the current year.

## Capital Asset and Debt Administration

**Capital Assets:** The District's net capital assets increased by \$273,063 due to current year additions, offset by depreciation expense. Additional information as well as a detailed classification of the District's capital assets can be found in the Notes to the Financial Statements on page D8.

**Long-term Debt:** The District has long-term debt in the form of finance-purchase obligations. As of the end of the current fiscal year, the District's long term liability decreased by \$363,337 as a result of lease principal payments made and a reduction in accrued compensated absences in 2023. Additional information can be found in the Notes to the Financial Statements on pages D8 through D9 of this report.

## Next Year's Budget and Rates

The District's unrestricted net position was \$4,591,672 at the end of the current year. The District's 2024 budget anticipates available resources (beginning fund balance plus revenues) of \$10,029,250 and expenditures of \$5,326,907.

## Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to South Park Ambulance District, P.O. Box 417, Fairplay, Colorado 80440.

## **FINANCIAL STATEMENTS**

**South Park Ambulance District  
Statement of Net Position  
December 31, 2023  
(With Comparative Totals for 2022)**

|  | 2023              | 2022              |
|--|-------------------|-------------------|
| <b>Assets:</b>   |                   |                   |
| <b>Current Assets:</b>   |                   |                   |
| Cash and cash equivalents - unrestricted   | 4,444,591         | 3,394,555         |
| Cash and cash equivalents - restricted   | 61,456            | 797,609           |
| Accounts receivable - Less :<br>allowance for uncollectible accounts of \$85,000 and \$85,000,<br>as of December 31,2023, and 2022, respectively | 258,395           | 326,549           |
| Property taxes receivable  | 5,097,706         | 3,042,784         |
| Prepaid items  | 43,725            | 65,917            |
| <b>Total Current Assets</b>  | <b>9,905,873</b>  | <b>7,627,414</b>  |
| <b>Non-current Assets:</b>   |                   |                   |
| Capital assets, net  | 7,162,535         | 6,889,472         |
| <b>Total Non-current Assets</b>  | <b>7,162,535</b>  | <b>6,889,472</b>  |
| <b>Total Assets</b>  | <b>17,068,408</b> | <b>14,516,886</b> |
| <b>Liabilities:</b>  |                   |                   |
| <b>Current Liabilities:</b>  |                   |                   |
| Accounts payable   | 87,731            | 164,791           |
| Retainage payable  | -                 | 123,048           |
| Payroll liabilities and benefits   | 3,343             | 1,628             |
| Accrued interest payable   | 9,269             | 9,505             |
| Finance leases payable   | 353,400           | 343,000           |
| <b>Total Current Liabilities</b>   | <b>453,743</b>    | <b>641,972</b>    |
| <b>Non-current Liabilities:</b>  |                   |                   |
| Accrued compensated absences   | 54,696            | 75,033            |
| Finance leases payable   | 4,261,800         | 4,615,200         |
| <b>Total Non-current Liabilities</b>   | <b>4,316,496</b>  | <b>4,690,233</b>  |
| <b>Total Liabilities</b>   | <b>4,770,239</b>  | <b>5,332,205</b>  |
| <b>Deferred Inflows of Resources:</b>  |                   |                   |
| Unavailable property taxes   | 5,097,706         | 3,042,784         |
| <b>Total Deferred Inflows of Resources</b>   | <b>5,097,706</b>  | <b>3,042,784</b>  |
| <b>Net Position:</b>   |                   |                   |
| Net investment in capital assets   | 2,608,791         | 2,728,881         |
| Unrestricted   | 4,591,672         | 3,413,016         |
| <b>Total Net Position</b>  | <b>7,200,463</b>  | <b>6,141,897</b>  |

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

**South Park Ambulance District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for 2022)**

|   | <b>2023</b>        | <b>2022</b>        |
|---|--------------------|--------------------|
| <b>Operating Revenues:</b>                |                    |                    |
| Charges for services                      | 1,125,600          | 1,017,255          |
| Medicaid supplemental revenue             | 313,804            | 370,526            |
| Miscellaneous                             | -                  | 5,916              |
| <b>Total Operating Revenues</b>           | <b>1,439,404</b>   | <b>1,393,697</b>   |
| <b>Operating Expenses:</b>                |                    |                    |
| Ambulance service                         | 2,914,834          | 2,774,473          |
| Bad debts                                 | 694,835            | 609,106            |
| Depreciation                              | 292,196            | 224,186            |
| <b>Total Operating Expenses</b>           | <b>3,901,865</b>   | <b>3,607,765</b>   |
| <b>Operating (Loss)</b>                   | <b>(2,462,461)</b> | <b>(2,214,068)</b> |
| <b>Non-operating Revenues (Expenses):</b> |                    |                    |
| Investment income                         | 240,141            | 85,120             |
| Property taxes                            | 3,034,246          | 2,915,269          |
| Specific ownership taxes                  | 352,774            | 336,091            |
| Interest expense                          | (113,163)          | (117,038)          |
| Grant revenue                             | 7,029              | 6,760              |
| Debt issuance costs                       | -                  | (65,000)           |
| <b>Total Non-operating Revenues</b>       | <b>3,521,027</b>   | <b>3,161,202</b>   |
| <b>Change in Net Position</b>             | <b>1,058,566</b>   | <b>947,134</b>     |
| <b>Net Position - Beginning</b>           | <b>6,141,897</b>   | <b>5,194,763</b>   |
| <b>Net Position - Ending</b>              | <b>7,200,463</b>   | <b>6,141,897</b>   |

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

**South Park Ambulance District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**  
**(With Comparative Totals for 2022)**

|  | <b>2023</b>        | <b>2022</b>        |
|--|--------------------|--------------------|
| <b>Cash Flows From Operating Activities:</b>                       |                    |                    |
| Cash received from customers and others                            | 812,723            | 873,693            |
| Cash payments for goods and services                               | (1,050,458)        | (629,948)          |
| Cash payments to employees and for benefits                        | (2,060,914)        | (2,123,912)        |
| <b>Net Cash (Used) by Operating Activities</b>                     | <b>(2,298,649)</b> | <b>(1,880,167)</b> |
| <b>Cash Flows From Non-Capital Financing Activities:</b>           |                    |                    |
| Cash received from property and specific ownership taxes           | 3,387,020          | 3,251,360          |
| Cash received from non-capital grants                              | 7,029              | 6,760              |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>       | <b>3,394,049</b>   | <b>3,258,120</b>   |
| <b>Cash Flows From Capital and Related Financing Activities:</b>   |                    |                    |
| Finance lease principal paid                                       | (343,000)          | (342,800)          |
| Finance lease interest paid  | (113,399)          | (114,046)          |
| Capital outlay   | (565,259)          | (2,449,179)        |
| Proceeds from debt issuance  | -                  | 1,765,000          |
| Cash paid for debt issuance cost                                   | -                  | (65,000)           |
| <b>Net Cash (Used) by Capital and Related Financing Activities</b> | <b>(1,021,658)</b> | <b>(1,206,025)</b> |
| <b>Cash Flows From Investing Activities:</b>                       |                    |                    |
| Interest income received   | 240,141            | 85,120             |
| <b>Net Cash Provided by Investing Activities</b>                   | <b>240,141</b>     | <b>85,120</b>      |
| <b>Net Increase in Cash and Cash Equivalents</b>                   | <b>313,883</b>     | <b>257,048</b>     |
| <b>Cash and Cash Equivalents - Beginning</b>                       | <b>4,192,164</b>   | <b>3,935,116</b>   |
| <b>Cash and Cash Equivalents - Ending</b>                          | <b>4,506,047</b>   | <b>4,192,164</b>   |
| <b>Reconciliation of Operating (Loss) to</b>                       |                    |                    |
| <b>Net Cash (Used) by Operating Activities:</b>                    |                    |                    |
| Operating (loss)   | (2,462,461)        | (2,214,068)        |
| <b>Adjustments to reconcile operating (loss)</b>                   |                    |                    |
| <b>to net cash (used) by operating activities:</b>                 |                    |                    |
| Depreciation   | 292,196            | 224,186            |
| (Increase) decrease in accounts receivable                         | 68,154             | 89,102             |
| (Increase) decrease in prepaid items                               | 22,192             | (7,023)            |
| Increase (decrease) in accounts payable                            | (77,060)           | 6,639              |
| Increase (decrease) in retainage payable                           | (123,048)          | (602)              |
| Increase (decrease) in accrued compensated absences                | (20,337)           | 21,599             |
| Increase (decrease) in wages payable                               | 1,715              | -                  |
| <b>Total Adjustments</b>   | <b>163,812</b>     | <b>333,901</b>     |
| <b>Net Cash (Used) by Operating Activities</b>                     | <b>(2,298,649)</b> | <b>(1,880,167)</b> |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**South Park Ambulance District  
Notes to the Financial Statements  
December 31, 2023**

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**I. Summary of Significant Accounting Policies**

The South Park Ambulance District (the “District”) was formed under Colorado statutes as a special district. The District’s service area is located within the boundaries of Jefferson-Como Fire Protection District, Hartsel Fire Protection District and Northwest Fire Protection District primarily in southern Park County, Colorado, with the purpose to provide ambulance, medical transportation and emergency medical services within its boundaries. Five elected board members govern the District.

The District’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

**B. Accounting Policies**

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses a proprietary fund-type, an enterprise fund, to account for its activities of providing ambulance, medical transportation and emergency medical services to taxpayers within the District’s boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**South Park Ambulance District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(continued)**

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**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Measurement Focus and Basis of Accounting**

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Financial Statement Presentation**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Financial Statement Accounts**

**1. Cash and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

**South Park Ambulance District  
Notes to the Financial Statements  
December 31, 2023  
(continued)**

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**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**4. Prepaid Expenses**

Prepaid expenses are amounts paid in the current year for expenses related to subsequent years.

**5. Capital Assets**

Capital assets, which include land, a building, vehicles, and equipment, are reported in the District's financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed, if applicable. The building, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>          | <u>Years</u> |
|------------------------|--------------|
| Building               | 40           |
| Vehicles and equipment | 5-10         |

**6. Compensated Absences**

Earned but unused vacation benefits are accrued when incurred in the financial statements.

**7. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. The item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period the amounts become available and earned.

**South Park Ambulance District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(continued)**

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**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**8. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The proprietary fund was adopted on a non-GAAP budgetary basis and has been reconciled to a GAAP basis in the financial statements.

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2023.

1. For the 2023 budget year, prior to August 25, 2022, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10th only once by a single notification to the District.
2. The Manager of the District submitted, on or before October 15, 2022, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2022, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; however, no supplemental appropriations were made during 2023; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

**South Park Ambulance District  
Notes to the Financial Statements  
December 31, 2023  
(continued)**

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**II. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>.

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The District's voters approved the following Tabor ballot question on May 7, 1996:

*Without imposing any new taxes or increases in tax rates, shall the South Park Ambulance District be authorized to retain all revenues from all sources in 1996 and subsequent years, and spend the same as a voter-approved revenue change and an exception to limits which would otherwise apply for each of said years?*

The District's voters approved the following ballot question on November 2, 1999:

*Shall the South Park Ambulance District be authorized to collect, retain and spend all revenues and other fund received from any source, including the District's existing property tax rate of 3.749 mills, which rate shall not be increased without voter approval, commencing January 1, 1999, and continuing thereafter until repealed, as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under TABOR or any other law as a permanent waiver of the 5.5% limitation under section 29-1-301, .C.R.S.?*

**South Park Ambulance District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(continued)**

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**II. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

The District's voters approved the following ballot question on May 8, 2018:

*Shall South Park Ambulance District taxes be increased \$1,322,202 annually, or by such amount as may be raised by the imposition of an additional mill levy rate of up to 5.751 mills, the revenue therefrom to pay for the District's general operations, including ambulance, emergency medical and rescue services, and for capital expenses, resulting in a total District property tax rate not to exceed 9.5 mills, with the District's total mill levy rate subject to adjustment to offset refunds, abatements and changes to the percentage of actual valuation used to determine assessed valuation; and shall South Park Ambulance District be authorized to collect, retain and spend the proceeds of such total mill levy rate as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under TABOR (Article X, Section 20 of the Colorado Constitution) or any other law and as a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.?*

The District's management believes that it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's interest-bearing deposits at each financial institution. Non-interest-bearing deposits are fully insured by the FDIC. Interest-bearing deposit balances over \$250,000 are collateralized as required by PDPA.

There were no investments requiring disclosure of the fair value hierarchy as of December 31, 2023.

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

**Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income preserve capital, and, in general, avoid speculative investments.

**Concentration of Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**South Park Ambulance District  
Notes to the Financial Statements  
December 31, 2023  
(continued)**

**III. Detailed Notes on All Funds (continued)**

**B. Summary and Reconciliation to Financial Statement Captions**

At December 31, 2023, the District had no unrealized gains or losses. The District had the following cash and investments with the following maturities:

| <b>Type:</b>                                | <b>Rating</b> | <b>Carrying<br/>Amount</b> | <b>Maturities</b>             |                                 |
|---|---------------|----------------------------|-------------------------------|---------------------------------|
|   |               |                            | <b>Less Than<br/>One Year</b> | <b>Less Than<br/>Five Years</b> |
| <i>Deposits:</i>                            |               |                            |                               |                                 |
| Checking                                    | Unrated       | 142,356                    | 142,356                       | -                               |
| Petty cash                                  | Unrated       | 200                        | 200                           | -                               |
| <i>Investments:</i>                         |               |                            |                               |                                 |
| Investment pool                             | AAAm          | 4,363,491                  | 4,363,491                     | -                               |
|   |               | <u>4,506,047</u>           | <u>4,506,047</u>              | <u>-</u>                        |
| <b><u>Financial Statement Captions:</u></b> |               |                            |                               |                                 |
| Cash and cash equivalents                   |               | <u>4,506,047</u>           |                               |                                 |
|   |               | <u>4,506,047</u>           |                               |                                 |

The investment pool represents an investment in the Colorado Government Liquid Asset Trust (the "Trust") which is a 2a7-like pool. The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund, measured at net asset value, and each share is equal in value to \$1.00. Investments consist of U.S. Treasury bills, notes strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

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**South Park Ambulance District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(continued)**

**III. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2023, was as follows:

|  | Beginning<br>Balance | Additions        | Disposals          | Ending<br>Balance |
|--|----------------------|------------------|--------------------|-------------------|
| Capital assets, not being depreciated:             |                      |                  |                    |                   |
| Land   | 68,457               | -                | -                  | 68,457            |
| Construction in progress                           | 2,647,034            | 527,327          | (3,174,361)        | -                 |
| <b>Total capital assets, not being depreciated</b> | <b>2,715,491</b>     | <b>527,327</b>   | <b>(3,174,361)</b> | <b>68,457</b>     |
| Capital assets, being depreciated:                 |                      |                  |                    |                   |
| Building   | 4,233,401            | 3,212,293        | -                  | 7,445,694         |
| Vehicles   | 1,096,446            | -                | -                  | 1,096,446         |
| Medical equipment                                  | 318,659              | -                | -                  | 318,659           |
| Communication equipment                            | 7,194                | -                | -                  | 7,194             |
| <b>Total capital assets being depreciated</b>      | <b>5,655,700</b>     | <b>3,212,293</b> | <b>-</b>           | <b>8,867,993</b>  |
| Less accumulated depreciation for:                 |                      |                  |                    |                   |
| Building   | (790,062)            | (126,623)        | -                  | (916,685)         |
| Vehicles   | (553,599)            | (121,686)        | -                  | (675,285)         |
| Medical equipment                                  | (136,260)            | (43,168)         | -                  | (179,428)         |
| Communication equipment                            | (1,798)              | (719)            | -                  | (2,517)           |
| Total accumulated depreciation                     | (1,481,719)          | (292,196)        | -                  | (1,773,915)       |
| Total capital assets, being depreciated, net       | 4,173,981            | 2,920,097        | -                  | 7,094,078         |
| <b>Total capital assets, net</b>                   | <b>6,889,472</b>     | <b>3,447,424</b> | <b>(3,174,361)</b> | <b>7,162,535</b>  |

Fully depreciated assets totaled \$225,279 for the year ended December 31, 2023.

**D. Long-Term Liabilities**

**1. 2019 Finance Purchase**

On December 17, 2019, the District entered into a finance purchase agreement with Zions Bancorporation in the amount of \$4,000,000 to provide for the financing of two new ambulances, purchase of land, and construction of two new facilities near Fairplay, Colorado. Payments are due on June 1st and December 1st of each year during the term, including interest at 2.210% through December 1, 2034.

**2. 2022 Finance Purchase**

On January 1, 2022, the District entered into a finance purchase agreement with Chase Bank in the amount of \$1,765,000 to provide for the financing of two ambulance stations near Fairplay, Colorado. Payments are due on June 1st and December 1st of each year during the term, including interest at 2.310% through December 1, 2036.

**South Park Ambulance District  
Notes to the Financial Statements  
December 31, 2023  
(continued)**

**III. Detailed Notes on All Funds (continued)**

**D. Long-Term Liabilities (continued)**

**3. Schedule of Changes in Long-term Liabilities**

|                                | Beginning<br>Balance | Additions | Reductions       | Ending<br>Balance | Due Within<br>One Year |
|--------------------------------|----------------------|-----------|------------------|-------------------|------------------------|
| <b>Finance purchases:</b>      |                      |           |                  |                   |                        |
| 2019 finance purchase          | 3,298,200            | -         | (243,000)        | 3,055,200         | 248,400                |
| 2022 finance purchase          | 1,660,000            | -         | (100,000)        | 1,560,000         | 105,000                |
| <b>Total finance purchases</b> | <b>4,958,200</b>     | <b>-</b>  | <b>(343,000)</b> | <b>4,615,200</b>  | <b>353,400</b>         |
| <b>Compensated absences</b>    | <b>75,033</b>        | <b>-</b>  | <b>(20,337)</b>  | <b>54,696</b>     | <b>-</b>               |
| <b>Total</b>                   | <b>5,033,233</b>     | <b>-</b>  | <b>(363,337)</b> | <b>4,669,896</b>  | <b>353,400</b>         |

**4. Schedule of Debt Service Requirements**

Debt service requirements at December 31, 2023, were as follows:

| Year         | Principal        | Interest       | Total<br>Debt Service |
|--------------|------------------|----------------|-----------------------|
| 2024         | 353,400          | 103,556        | 456,956               |
| 2025         | 358,900          | 95,641         | 454,541               |
| 2026         | 369,500          | 87,604         | 457,104               |
| 2027         | 375,200          | 79,328         | 454,528               |
| 2028         | 386,100          | 70,926         | 457,026               |
| 2029 - 2033  | 2,063,000        | 221,183        | 2,284,183             |
| 2034 - 2037  | 709,100          | 25,427         | 734,527               |
| <b>Total</b> | <b>4,615,200</b> | <b>683,665</b> | <b>5,298,865</b>      |

**IV. Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts; theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

**South Park Ambulance District**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(continued)**

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**IV. Other Information (continued)**

**B. Defined Contribution Pension Plan 401(a)**

Effective April 1, 2021, the District participates in the Colorado Retirement Association (“CRA”), a multiple-employer public employee retirement system, which is a qualified plan as defined by the Internal Revenue Code section 401(a) and Colorado Revised Statutes section 24-54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. CRA administers this plan on behalf of the District.

State statute assigns the authority to establish and amend the benefit provisions of the plans that participate in CRA to the respective employer governments.

There are no unfunded past service liabilities. All employees are required to participate in the plan as of their hire date. The District is required to contribute 5% and the employee is required to contribute 3% of employee base pay, including overtime. All contributions, both District and employee, and investment earnings are 100% vested upon participation; as such, there are no forfeitures.

The contribution requirements of the retirement plan participants and the District are established, and may be amended, by the District’s Board of Directors. The District made the required 5% contribution which amounted to \$73,400. Employees made contributions of \$43,779. The District’s total payroll for 2023 was \$1,504,858 and covered payroll was \$1,237,386.

As the District is not the trustee and does not administer the plan, the plan is not included in the financial statements. The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**C. Deferred Compensation Plan 457(b)**

The District participates in the CRA retirement plan created in accordance with Internal Revenue Code Section 457(b) (the “457(b) Plan”), which is a deferred compensation plan. The plan permits employees to defer a portion of their salary until future years. All contributions to the 457(b) Plan and all income attributable to those amounts are to be held in a trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment concentration varies between participants. The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District is neither the trustee nor the administrator for the plan. The seven-member governing board of the CRA makes all necessary rules as is responsible for the administration of the funds in the 457(b) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstances are based on the accumulated account balance of each employee.

During the year ended December 31, 2023, there was \$72,579 in benefits deferred at the request of the plan participants and remitted to the trustee on their behalf.

**South Park Ambulance District  
Notes to the Financial Statements  
December 31, 2023  
(continued)**

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**IV. Other Information (continued)**

**D. Medical Billings Services Agreement**

Effective April 1, 2022, the District entered into an agreement with Captivate Billing, LLC (“Captivate”) to provide medical billing services to the District. The contract has an initial term of one year with automatic one-year renewals until either party provides 60 days written notice of termination. Under the terms of the contract, Captivate will receive 6% of the Net collections. For the year ended 2023, the District incurred \$33,371 of expenses under this agreement.

**SUPPLEMENTARY INFORMATION**

**South Park Ambulance District**  
**Schedule of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2023**  
**(With Comparative Actual Amounts for 2022)**

|  | 2023               |                    |                  | Variance<br>Positive<br>(Negative) | 2022             |
|--|--------------------|--------------------|------------------|------------------------------------|------------------|
|  | Original<br>Budget | Final<br>Budget    | Actual           |                                    | Actual           |
| <b>Revenues:</b>   |                    |                    |                  |                                    |                  |
| Ambulance service charges                                    | 975,000            | 975,000            | 1,125,600        | 150,600                            | 1,017,255        |
| Medicaid supplemental revenue                                | 300,000            | 300,000            | 313,804          | 13,804                             | 370,526          |
| Property taxes   | 3,042,784          | 3,042,784          | 3,034,246        | (8,538)                            | 2,915,269        |
| Specific ownership taxes                                     | 350,000            | 350,000            | 352,774          | 2,774                              | 336,091          |
| Investment income  | 30,000             | 30,000             | 240,141          | 210,141                            | 85,120           |
| Grant revenue  | 7,000              | 7,000              | 7,029            | 29                                 | 6,760            |
| Miscellaneous  | -                  | -                  | -                | -                                  | 5,916            |
| Loan proceeds  | -                  | -                  | -                | -                                  | 1,765,000        |
| <b>Total Revenues</b>  | <b>4,704,784</b>   | <b>4,704,784</b>   | <b>5,073,594</b> | <b>368,810</b>                     | <b>6,501,937</b> |
| <b>Expenditures:</b>   |                    |                    |                  |                                    |                  |
| <b>Ambulance Service:</b>                                    |                    |                    |                  |                                    |                  |
| Accounting and audit   | 9,000              | 9,000              | 8,600            | 400                                | 8,665            |
| Advertising  | 1,000              | 1,000              | -                | 1,000                              | 259              |
| Ambulance billing fee  | 38,000             | 38,000             | 33,371           | 4,629                              | 28,080           |
| Bad debts  | 650,000            | 650,000            | 694,835          | (44,835)                           | 609,106          |
| Building   | 50,000             | 50,000             | 34,498           | 15,502                             | 27,938           |
| Communications   | 50,000             | 50,000             | 12,412           | 37,588                             | 24,653           |
| Dues and subscriptions                                       | 500                | 500                | 1,453            | (953)                              | 326              |
| EMS grants   | -                  | -                  | 3,249            | (3,249)                            | -                |
| EMS supplies   | 80,000             | 80,000             | 83,855           | (3,855)                            | 49,357           |
| Insurance  | 63,000             | 63,000             | 51,278           | 11,722                             | 42,321           |
| Legal  | 60,000             | 60,000             | 77,774           | (17,774)                           | 104,551          |
| Office supplies  | 15,000             | 15,000             | 19,643           | (4,643)                            | 3,284            |
| Other  | 65,300             | 65,300             | 6,944            | 58,356                             | 809              |
| Payroll and pension service fees                             | 6,500              | 6,500              | 24,966           | (18,466)                           | 4,149            |
| Pension contribution   | 115,000            | 115,000            | 73,400           | 41,600                             | 76,225           |
| Professional fees  | 156,700            | 156,700            | 145,044          | 11,656                             | 33,705           |
| Seminars and training  | 25,000             | 25,000             | 19,725           | 5,275                              | 10,502           |
| Travel and meals   | 11,000             | 11,000             | 7,962            | 3,038                              | 4,714            |
| Treasures' fees  | 95,000             | 95,000             | 90,571           | 4,429                              | 87,196           |
| Uniforms   | 10,000             | 10,000             | 9,236            | 764                                | 5,336            |
| Utilities  | 70,000             | 70,000             | 51,089           | 18,911                             | 39,875           |
| Vehicle repairs and maintenance                              | 77,000             | 77,000             | 78,763           | (1,763)                            | 47,947           |
| Wages, payroll taxes, and benefits                           | 2,895,000          | 2,895,000          | 2,042,292        | 852,708                            | 2,145,511        |
| Workers compensation   | 37,000             | 37,000             | 38,709           | (1,709)                            | 29,070           |
| <b>Capital Outlay:</b>                                       |                    |                    |                  |                                    |                  |
| Capital Outlay   | 1,210,000          | 1,210,000          | 565,259          | 644,741                            | 2,449,179        |
| <b>Debt Service:</b>   |                    |                    |                  |                                    |                  |
| Principal, interest, and agent fees                          | 456,000            | 456,000            | 456,163          | (163)                              | 459,838          |
| Debt issuance costs  | -                  | -                  | -                | -                                  | 65,000           |
| <b>Total Expenditures</b>                                    | <b>6,246,000</b>   | <b>6,246,000</b>   | <b>4,631,091</b> | <b>1,614,909</b>                   | <b>6,357,596</b> |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(1,541,216)</b> | <b>(1,541,216)</b> | <b>442,503</b>   | <b>1,983,719</b>                   | <b>144,341</b>   |
| <b>Reconciliation to GAAP Basis:</b>                         |                    |                    |                  |                                    |                  |
| Capital outlay   |                    |                    | 565,259          |                                    | 2,449,179        |
| Lease principal payments                                     |                    |                    | 343,000          |                                    | 342,800          |
| Loan proceeds  |                    |                    | -                |                                    | (1,765,000)      |
| Depreciation expense   |                    |                    | (292,196)        |                                    | (224,186)        |
| <b>Net Income - GAAP Basis</b>                               |                    |                    | <b>1,058,566</b> |                                    | <b>947,134</b>   |

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