

**AUDITED FINANCIAL STATEMENTS**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
**WESTCLIFFE, COLORADO**  
December 31, 2023 and 2022

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## **Independent Auditor's Report**

September 26, 2024

Board of Directors  
West Custer County Hospital District  
Westcliffe, Colorado

### **Opinions**

We have audited the accompanying financial statements of the business type activities of the West Custer County Hospital District (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the West Custer County Hospital District as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 related 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**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 generally accepted auditing standards 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 generally accepted auditing standards, 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**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v 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 auditing standards generally accepted in the United States of America, 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.

Board of Directors  
West Custer County Hospital District

**Supplementary 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Samuel Ross* : *DeMarzo, Inc.*

## **Management's Discussion and Analysis**

**West Custer County Hospital District  
Management's Discussion and Analysis  
For the years ended December 31, 2023, 2022 and 2021**

The intent of the management discussion and analysis is to provide highlights of the West Custer County Hospital District's financial activities for the fiscal years ending December 31, 2023, 2022 and 2021. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

**District Operations**

The District operates as a Special District under the authority of the laws of the State of Colorado, Department of Public Health & Environment. The activities of the District include operating a Chapter IX Rural Health Clinic and an emergency ambulance service referred to as Custer County EMS.

**Overview of Financial Statements**

The District's basic financial statements include a statement of net position, a statement of revenue, expenses and changes in net position, statement of cash flows and notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

The statement of net position (formerly the balance sheet) presents the financial position of the District. It presents information on the District's assets and liabilities, 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 net position presents information showing how the District's net position changed during the most recent year. 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. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

The statement of cash flows presents information on the effects changes in assets and liabilities have on cash during the course of the year.

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 7-13 of this report.

**Financial Analysis**

A condensed summary of the District's statements of revenues, expenses and changes in net position for the years ended December 31 is presented below:

**West Custer County Hospital District  
Management's Discussion and Analysis (Continued)  
For the years ended December 31, 2023, 2022 and 2021**

**Financial Analysis (Continued)**

	<u>2023</u>	<u>2022</u>	Dollar Change	Percent Change	<u>2021</u>	Dollar change	Percent Change
<b>Program Revenues</b>							
Patient/ambulance fees - various	\$ 735,077	\$ 625,849	\$ 109,228	17.45%	\$ 603,284	\$ 22,565	3.74%
Other operating revenue	69,304	17,148	52,156	304.15%)	47,005	( 29,857)	( 63.52%)
Administrative adjustments / write offs	( 462,411)	( 246,963)	( 215,448)	( 87.24%)	( 329,416)	91,233	27.69%
<b>Total Program Revenues</b>	<u>341,970</u>	<u>404,814</u>	<u>( 62,844)</u>	<u>( 15.52%)</u>	<u>320,873</u>	<u>83,941</u>	<u>26.16%</u>
<b>Program Expenses</b>							
Administration	384,068	321,473	( 62,595)	( 19.47%)	214,717	( 106,756)	( 49.72%)
Ambulance service	997,726	783,239	( 214,487)	( 27.38%)	697,555	( 94,464)	( 13.54%)
Central Service & Supply	-	-	-	-	51,065	51,065	100.00%
Maintenance & operation	71,933	93,265	21,332	22.87%	29,210	( 64,055)	( 219.21%)
<b>Total Program Expenses</b>	<u>1,453,727</u>	<u>1,197,977</u>	<u>( 255,750)</u>	<u>( 21.35%)</u>	<u>992,547</u>	<u>( 214,210)</u>	<u>( 21.58%)</u>
<b>Nonoperating Revenues and Expenses</b>							
Taxes	1,066,246	1,042,560	23,686	2.27%	962,695	79,865	8.29%
Grants and donations	12,252	17,481	( 5,229)	( 29.91%)	53,772	( 36,291)	( 67.49%)
Investment income	55,688	17,862	37,826	211.77%	1,556	16,306	1047.94%
Gain/(loss) sale of assets	-	-	-	-	3,000	( 3,000)	( 100.00%)
Treasurer's fees	( 46,150)	( 46,013)	( 137)	( .30%)	( 41,510)	( 4,503)	( 10.85%)
<b>Net Other Revenues and (Expenses)</b>	<u>1,088,036</u>	<u>1,031,890</u>	<u>56,146</u>	<u>5.44%</u>	<u>979,513</u>	<u>52,377</u>	<u>5.35%</u>
<b>Income (Loss) Before Capital Contributions</b>	( 23,721)	229,947	( 253,668)	(110.32%)	307,839	( 77,892)	( 25.30%)
<b>Capital Contributions</b>	<u>18,250</u>	<u>54,950</u>	<u>( 36,700)</u>	<u>( 66.79%)</u>	<u>62,650</u>	<u>( 7,700)</u>	<u>( 12.29%)</u>
<b>Change in Net Position</b>	<u>(\$ 5,471)</u>	<u>\$ 284,897</u>	<u>(\$ 290,368)</u>	<u>(101.92%)</u>	<u>\$ 370,489</u>	<u>(\$ 85,592)</u>	<u>( 23.10%)</u>

**Program Revenues – Patient Fees**

Patient/ambulance fees increased by \$109,228 compared to 2022. Net program revenue decreased by \$62,844 due to additional administrative adjustments and write-offs.

**Operating and Nonoperating Revenues**

Nonoperating revenues consist of three primary sources. The most significant source is tax revenues, which include property and specific ownership taxes, totaling \$1,066,246 or an increase from 2022 of \$23,686.

Grants and donations and capital contributions totaled \$30,502 which is a decrease from 2022 of \$41,929. Revenues from this source tend to vary from year to year to a greater degree than other revenues dependent upon grant sources available to the District. These revenues are often restricted to specific purposes such as capital asset purchases.

**West Custer County Hospital District  
Management's Discussion and Analysis (Continued)  
For the years ended December 31, 2023, 2022 and 2021**

**Total Program Expenses**

Total program expenses for the 2023 fiscal year totaled \$1,453,727 compared to the prior year of \$1,197,977. This is an increase of \$255,750 or 21.35%. The District had a 21.58% increase in expenses from 2022 to 2021. Combined expenses are comprised of several major categories or functional expense categories as shown in the table which summarizes the statement of revenues, expenses and changes in net position.

**Major Functional Expense Categories**

The largest functional expense categories were administration and ambulance. These two categories account for over ninety percent of the total program expenses. The other functional expense category is maintenance and operation. After the clinic operations being turned over to Heart of the Rockies the major expense of the District is for the ambulance. There are still some administrative and maintenance expenses.

A condensed summary of the District's net position at December 31, 2023, 2022 and 2021 is presented below:

Statement of Net Position	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>2021</u>	<u>Dollar change</u>	<u>Percent Change</u>
Capital Assets	\$ 1,688,119	\$ 1,132,605	\$ 555,514	49.05%	\$ 1,041,671	\$ 90,934	8.72%
Current and Other Assets	2,423,978	2,770,664	( 346,686)	( 12.51%)	2,532,426	238,238	9.40%
<b>Total Assets</b>	<u>4,112,097</u>	<u>3,903,269</u>	<u>208,828</u>	5.35%	<u>3,574,097</u>	<u>329,172</u>	9.20%
Long-Term Liabilities	-	-	-		-	-	
Other Liabilities	66,985	73,850	( 6,865)	( 9.30%)	38,133	35,717	( 93.66%)
<b>Total Liabilities</b>	<u>66,985</u>	<u>73,850</u>	<u>( 6,865)</u>	( 9.30%)	<u>38,133</u>	<u>35,717</u>	( 93.66%)
<b>Deferred Inflows</b>							
Unearned Property Taxes	1,142,738	921,574	221,164	24.00%	913,016	8,558	(.94%)
<b>Net Position</b>							
Invested in Capital Assets, Net of Related Debt	1,688,119	1,132,605	555,514	49.05%	1,041,671	90,934	8.73%
Restricted	32,500	33,600	( 1,100)	( 3.27%)	27,800	5,800	20.86%
Unrestricted	1,181,755	1,741,640	( 559,885)	( 32.15%)	1,553,477	188,163	12.11%
<b>Total Net Position</b>	<u>\$ 2,902,374</u>	<u>\$ 2,907,845</u>	<u>(\$ 5,471)</u>	( .19%)	<u>\$ 2,622,948</u>	<u>\$ 284,897</u>	10.86%

**Net Position**

The District's financial condition decreased less than 1% from the previous year. During 2023 the District's net position decreased by \$5,471, primarily from an increase in operating expenses.

The District's current liabilities which consist of accounts payable and various accruals, decreased from 2022 in the amount of \$6,865 as shown in the above table.

The net position of the District is reported in three categories. At December 31, 2023, \$1,688,119 was invested in capital assets, net of related debt. This represents capital assets being used in the District's operations which are not otherwise available for appropriation since they do not represent liquid resources which could be spent. Total restricted net position consists of \$32,500 for the emergency reserve required by the provisions of TABOR. Unrestricted net position represents those which are not restricted by external requirements on their use or are otherwise unavailable by their nature.

**West Custer County Hospital District  
Management's Discussion and Analysis (Continued)  
For the years ended December 31, 2023, 2022 and 2021**

**Capital Expenditures**

During 2023, the District expended \$638,376 in capital asset additions.

**Long Term Debt**

The District had no long-term debt outstanding as of December 31, 2023, 2022, or 2021.

**Budget Highlights and Future Projects of the District**

Health Care in rural Colorado is generally subsidized by their communities. This District has received this subsidized support for many years. As such, direct losses from operations is expected with shortfalls to be made up through mill levy tax revenues and donations. Below are other key highlights of past and future events of the Hospital District.

1. Mill levy and specific ownership taxes allocated to departments within the District on the financial statements may not necessarily restrict those funds to be utilized only in that department, but the allocation chosen is an internal reporting mechanism implemented to assist in providing a better visual picture of each department and may be subject to review and reallocation in the future.
2. EMS staffing remained stable in 2023. Positive traction was made in 2023 in securing Advanced Life Support personnel and since late spring 2020, there has been a Paramedic on duty 24/7. There remain six full-time positions available in EMS and all open positions are filled. We have also made improvement on off-duty staff responding to 2nd calls but having a guaranteed on-call crew remains elusive.
3. The long-term viability of Custer County EMS is always reviewed. The operations have stabilized, and the increased funds received through the new Medicaid cost report has improved the financial status of Custer County EMS.
4. The District has completed its goal to become a provider-based facility. A contract to partner with Heart of the Rockies Medical Center (HRRMC) was signed in April of 2020 and operations of the clinic were turned over to HRRMC on October 1, 2020. HRRMC will operate under the name of Custer County Health Center (CCHC). The Hospital District will continue to support the local medical clinic with mill levy funds. The Clinic will officially be a facility owned by WCCHD and ran by HRRMC. HRRMC secured a full-time medical doctor to join the practice and have brought in additional services to the community including free pharmacy daily deliveries, gynecology, orthopedics, audiology and cardiology. Becoming a provider-based rural health center will go a long way to ensure sustainability of the clinic. Additionally, HRRMC purchased a patient transport van that allows Custer County residents free transport for medical appoints at HRRMC in Salida. Data also indicates increasing use of this service.
5. HRRMC applied for on behalf of the Hospital District and was awarded a grant to purchase a new Xray machine and upgrade physical therapy equipment.
6. In 2022 the District plans to remodel a 600 square foot area of the clinic building to allow HRRMC to install and operate a full-service walk-in pharmacy. Westcliffe has not had a full-service pharmacy within 40 miles in decades. The project was completed, and the pharmacy opened in November 2023. The total cost of the Pharmacy remodel was just over \$309,000. As of the opening of the pharmacy, HRRMC pays the District \$2,000 per month for rent of this space.

**West Custer County Hospital District  
Management's Discussion and Analysis (Continued)  
For the years ended December 31, 2023, 2022 and 2021**

7. In 2022 the District implemented a flattened organizational management structure, replacing the part time Executive Director and part time Administrative Assistant with a full time Office Manager. Also, the District will eliminate the position of EMS Manager in favor of a dual Leadership structure allowing a higher degree of focus on Personnel and Facility individually. Both changes are expected to bring about a more efficient operation with better communication and records management while reducing administrative costs.
8. In 2022 the District did purchase auto-loaders for the stretchers in all 3 ambulances. This improves safety and comfort for the patient and reduces potential of back injury for EMS personnel. The 3 "auto-loaders" cost approximately \$127,000 in total and was offset by a \$48,000 ARPA grant.
9. In 2024 the District plans to apply to the Colorado Department of Public Health and Environment (CDPHE) for an EMTS Funding Program Grant that would match 50% of the cost of an ambulance remount. It is anticipated that this acquisition will cost approximately \$175,985 and will support the organization's ongoing commitment to enhancing emergency response capabilities.
10. As part of the District's ongoing efforts to address the challenges in recruiting and retaining paramedics within the County, in 2024 the District plans to secure a grant that will reimburse the District for 50% of the tuition, books and travel costs to assist interested EMT's in obtaining their paramedic licensure. The remaining 50% of these costs will be covered by the District EMS continuing education budget. In return for this financial support, the EMT will be asked to sign a contract in which they remain employed with the District for a minimum of two years after receiving their paramedic license.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

West Custer County Hospital District, Attention: Finance Officer, 704 Edwards, Westcliffe, Colorado 81252

## **Basic Financial Statements**

**STATEMENTS OF NET POSITION**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Cash and investments	\$ 1,131,434	\$ 1,681,284
Receivables	1,264,771	1,061,359
Inventories	18,941	20,434
Prepaid expenses	8,832	7,587
Capital assets, net of accumulated depreciation	<u>1,688,119</u>	<u>1,132,605</u>
<b>Total Assets</b>	<u>4,112,097</u>	<u>3,903,269</u>
<b><u>Liabilities</u></b>		
Accounts payable	30,702	44,457
Accrued liabilities		
Payroll taxes and employee benefits	310	290
Salaries	28,046	27,046
Compensated absences	<u>7,927</u>	<u>2,057</u>
<b>Total Liabilities</b>	<u>66,985</u>	<u>73,850</u>
<b><u>Deferred Inflows of Resources</u></b>		
Unavailable revenue - property tax	<u>1,142,738</u>	<u>921,574</u>
<b><u>Net Position</u></b>		
Invested in capital assets, net of related debt	1,688,119	1,132,605
Restricted:		
Emergency	32,500	33,600
Unrestricted	<u>1,181,755</u>	<u>1,741,640</u>
<b>Total Net Position</b>	<u>\$ 2,902,374</u>	<u>\$ 2,907,845</u>

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

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

WEST CUSTER COUNTY HOSPITAL DISTRICT

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Ambulance fees	\$ 735,077	\$ 625,849
Other operating revenue	69,304	17,148
Administrative adjustments and write offs	(462,411)	(246,963)
<b>Total Operating Revenues</b>	<u>341,970</u>	<u>396,034</u>
<b>Operating Expenses</b>		
Administration	384,068	321,473
Ambulance service	997,726	783,239
Maintenance and operation	71,933	93,265
<b>Total Operating Expenses</b>	<u>1,453,727</u>	<u>1,197,977</u>
<b>Operating Loss</b>	<u>(1,111,757)</u>	<u>(801,943)</u>
<b>Nonoperating Revenue (Expenses)</b>		
General property tax	924,754	922,081
Specific ownership tax	141,492	120,479
Investment income	55,688	17,862
Gain/(loss) on sale of assets	-	-
Contributions	12,252	17,481
Treasurer collection fees	(46,150)	(46,013)
<b>Total Nonoperating Revenues</b>	<u>1,088,036</u>	<u>1,031,890</u>
<b>Income (Loss) Before Capital Contributions</b>	(23,721)	229,947
<b>Capital Grants and Contributions</b>	<u>18,250</u>	<u>54,950</u>
<b>Change in Net Position</b>	(5,471)	284,897
<b>Total Net Position - Beginning</b>	<u>2,907,845</u>	<u>2,622,948</u>
<b>Total Net Position - Ending</b>	<u>\$ 2,902,374</u>	<u>\$ 2,907,845</u>

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

**STATEMENTS OF CASH FLOWS**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 359,959	\$ 351,163
Cash payments to suppliers for goods and services	(559,394)	(454,375)
Cash payments to employees for services	(818,088)	(642,170)
<b>Net Cash Used by Operating Activities</b>	<u>(1,017,523)</u>	<u>(745,382)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Cash received from property taxes	1,059,059	1,074,631
Cash paid for treasurers fees	(46,150)	(46,013)
Cash received from contributions, grants, and fundraisers	19,202	17,481
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>1,032,111</u>	<u>1,046,099</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Cash received from grants	18,250	48,000
Acquisition of capital assets	(638,376)	(168,137)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(620,126)</u>	<u>(120,137)</u>
<b>Cash Flows from Investing Activities</b>		
Investment income	55,688	17,862
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>55,688</u>	<u>17,862</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(549,850)	198,442
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,681,284</u>	<u>1,482,842</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,131,434</u>	<u>\$ 1,681,284</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ (1,111,757)	\$ (801,943)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	82,862	77,203
<b>(Increase) decrease in:</b>		
Accounts receivable	17,989	(44,871)
Inventory	1,493	(8,775)
Prepaid expense	(1,245)	(2,713)
<b>Increase (decrease) in:</b>		
Accounts payable	(13,755)	26,830
Accrued expenses	6,890	8,887
<b>Net Cash Used by Operations</b>	<u>\$ (1,017,523)</u>	<u>\$ (745,382)</u>

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

## **Notes to Financial Statements**

**NOTES TO FINANCIAL STATEMENTS**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023 and 2022

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**Note 1 - Summary of Significant Accounting Policies**

**Form of Organization**

The West Custer County Hospital District (Hospital District) is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local board of directors whose members are elected by the voters of the District. The formation of the Hospital District was approved by the voters in 1988, and it subsequently began operations on January 1, 1989. Prior to the formation of the Hospital District, medical services in Custer County were provided by the Custer County Medical Foundation, a non-profit organization. The Foundation transferred all its assets to the Hospital District effective December 31, 1988 and was subsequently liquidated. The assets net of liabilities transferred at that time were \$127,224.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The District's significant policies are described below.

**Reporting Entity**

As defined by GAAP as established by GASB, the financial reporting entity consists of the primary government, as well as any component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as existing if the governing board of the of the primary government appoints a majority of the component unit's board, and either has the ability to impose its will or the component unit will provide a financial benefit or burden on the primary government or this is fiscal dependency on the primary government. Based on that criteria, no other organizations would be considered component units of the District.

The financial statements of the District consist only of its sole enterprise fund for ambulance services and has no other funds or account groups.

**Contract with Heart of the Rockies Medical Clinic**

The Hospital District contracted with the Heart of the Rockies Regional Medical Center (HRRMC) to take over the clinic operations of the Hospital District as of October 1, 2020.

The agreement allows HRRMC to lease from the Hospital District timeshare space and common areas of the medical building for \$1 annually. Also, as part of the agreement the Hospital District will subsidize HRRMC a minimum of 1.8 mills annually with a maximum amount set at 3.085 mills. The Hospital District transferred all clinical equipment, furnishings and supplies to HRRMC.

The contract will remain in effect for two years from the effective date of October 1, 2020. At the end of the initial two year term the agreement will renew automatically for successive periods of 1 year each. The contract may be terminated by mutual agreement of the parties at any time upon the terms set forth in a written document signed by both parties. Either party may terminate this agreement without cause at any time by giving the other party 1 year's written notice.

**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 the related cash flows.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023 and 2022

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**Note 1 - Summary of Significant Policies (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. Capital grant funding represented amounts received or paid on behalf of the District for capital asset acquisition or construction of additions to the utility plant in service.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The primary source of revenue is ambulance fees. Operating expenses are reported in functional categories for ambulance service, maintenance and operation, central service and supply and administrative expenses and include depreciation on capital assets. Other revenues or expenses not meeting this definition are treated as nonoperating revenues and expenses. The principal nonoperating revenues are property and ownership taxes and grant revenue. The principal nonoperating expenses of the District include treasurer collection fees. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

All assets and liabilities, both current and noncurrent, are included in the statement of net position of proprietary funds.

**Cash and Cash Equivalents**

Cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

The District's policy is to state investments at their fair value and categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

Cash and investments are subject to Colorado State statutes as described in Note 3.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Inventory**

Purchased inventory of the District is stated at cost using the first in, first out method of determining inventory on hand. Physical counts were made of all inventory as of December 31, 2023 and 2022. Inventory was adjusted to reflect the amount determined by physical count.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023 and 2022

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**Note 1 - Summary of Significant Policies (Continued)**

**Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Assets purchased or constructed are valued at historical cost. Donated capital assets are valued at their estimated fair value at the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or extend the asset's life are expensed.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided using the straight-line method over the estimated service life of the asset. Land is stated at cost and is not depreciated. Buildings and equipment are depreciated using straight-line depreciation based upon the following useful lives:

Buildings and improvements	15 - 39 years
Furniture and equipment	5 - 10 years
Vehicles	7 years

**Property Taxes**

Property taxes are levied on January 1 based on the assessed value of property as listed on the previous June 30, and are payable in two equal payments before the last day of February and the 15th day of June or in one full payment before the last day of April. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available.

**Accounts Payable**

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to December 31.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets by the District that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net assets by the District that is applicable to future reporting periods. Both deferred inflow and deferred outflows are reported in the statement of net position but are not reported as revenue or expenditures until the period(s) to which they relate.

The District has one item, property taxes, that is reported under deferred inflows. This item is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Accounting Principles - Leases**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Under this standard, a lease is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District currently has no leases that require application of this standard.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023 and 2022

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**Note 1 - Summary of Significant Policies (Continued)**

**Accounting Principles - SBITA**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of a right-to-use subscription, an intangible asset, and a corresponding liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at present value of subscription payments expected to be made during the subscription term. Future payments are discounted using the interest rate that the SBITA vendor charges the government, which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount is recognized as an outflow of resources in subsequent reporting periods. The asset is measured as the sum of the initial liability, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Amortization of the asset is recognized as an outflow of resources over the subscription term. The District currently has no arrangements that require application of this standard.

**Paid Time Off**

The current paid time off policy (PTO) was adopted January 2023. PTO can be used for sick, vacation and personal days. The policy accrues PTO for each hour that is worked, excluding overtime hours. The amount of hours accrued varies depending on length of service. Unused PTO at the end of the year will be disbursed at the end of the calendar year, separate from the normal pay schedule. Accrued PTO as of December 31, 2023 and 2022 was \$7,927 and \$2,057, respectively, which was paid in the first pay period of 2024. The accrued PTO is considered a current liability.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows or resources, liabilities, deferred inflows of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates

**Note 2 - Stewardship, Compliance and Accountability**

**Budgetary Data**

Formal budgetary accounting is employed as a management control tool for the proprietary fund of the District. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The budgetary amounts presented in the accompanying financial statements/schedules reflect original and most recent amended amounts which were adopted in accordance with the appropriate provisions of state law. Encumbrance accounting is not employed as part of the budgetary process. Encumbrance accounting allows a governmental entity to account for open purchase orders (purchase orders for which the underlying goods or services have not been received before the end of an accounting period) as expenditures against the budget of that accounting period. Differences between the budgetary reporting basis and the generally accepted accounting principles (GAAP) basis used to reflect actual revenues and expenses are described as follows:

1. Accruals for compensated absences are not recognized on the budgetary basis and are treated as expenses on the GAAP basis.
2. Capital expenditures are treated as expenses on the budgetary basis. On the GAAP basis, capital expenditures are not treated as expenses.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
WEST CUSTER COUNTY HOSPITAL DISTRICT  
December 31, 2023 and 2022

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**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**Budgetary Data (Continued)**

3. Depreciation expense and gain (loss) on sale of capital assets is not recognized on the budgetary basis and are recognized on the GAAP basis.

All appropriations lapse at the end of each year.

**Expenditures in Excess of Budget Amounts**

During 2023 the District had expenditures which exceeded budgeted amounts. These circumstances may constitute a violation of Colorado Local Government Budget Law.

	<u>Actual</u>		<u>Budget</u>		<u>Excess</u>
Expenditures	\$ 2,049,521	\$	2,019,492	\$	(30,029)

**Tax, Revenue, Spending, and Debt Limitation**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitation, 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 amendment. However, the District has made certain interpretations of the Amendment's language in order to determine it compliance.

On May 7, 1996, the District passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the District, without increasing or adding any taxes of any kind, to collect, retain, and expend all revenues and other funds collected during 1995 and thereafter. In addition, May 2, 2002, the voters approved an additional 2.113 mills to the property tax levy for the purpose of providing for additional staff and other operating costs. In November 2014, voters approved an additional 3 mills to the property tax levy to pay the costs of emergency medical ambulance services.

**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. The District carries commercial insurance for such risks, including workers' compensation. Settled claims resulting from these risks did not exceed commercial insurance coverage during 2023 or 2022.

**Concentration of Credit Risk**

The District grants credit without collateral to its clients, most of whom are local residents and are insured under third-party payer agreements. The District has adjusted accounts receivables for all known uncollectible accounts and maintains an allowance for doubtful accounts which is adjusted based on the District's collection experience.

**Deferred Compensation Plan**

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. Effective January 1, 1997, the District no longer has a fiduciary responsibility to the plan.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
 December 31, 2023 and 2022

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**Grant Funding**

The District receives funding from Federal, State and foundation grants which may be subject to regulatory or other oversight by the granting agencies. Such oversight may include audit or other compliance procedures. Any adjustments made by a granting agency would become a liability to the District. There are no such proceedings presently in progress.

**Risks and Uncertainties**

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. Management has been carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

**Note 3 - Cash Deposits and Investments**

**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 or FSLIC) on deposits held.

Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositories as a group with a market value at least equal to the uninsured deposits held by that institution. The State regulatory commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pool.

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's policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year end follows:

	<b><u>Carrying Amount</u></b>	<b><u>Less Than One Year</u></b>	<b><u>Less Than Five Years</u></b>
<b>Deposits:</b>			
Checking	\$ 120,994	\$ 120,994	\$ -
<b>Investments:</b>			
State investment pool (ColoTrust)	1,010,440	1,010,440	-
<b>Total</b>	<b><u>\$ 1,131,434</u></b>	<b><u>\$ 1,131,434</u></b>	<b><u>\$ -</u></b>

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

WEST CUSTER COUNTY HOSPITAL DISTRICT

December 31, 2023 and 2022

**Note 3 - Cash Deposits and Investments (Continued)**

**Investments (Continued)**

The District has invested \$1,010,440 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal functions of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust.

The District categorizes its fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 1 or Level 3 inputs.

The District has the following recurring fair value measurements as of December 31, 2023:

The District's investment in ColoTrust are reported at fair value. However, this investment is not subject to the fair value hierarchy.

**Interest Rate Risk** - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

**Credit Risk** - The District does not have a policy which would further limit its investment choices beyond the requirements of Colorado statutes. As of December 31, 2023 the District's investment in Colo Trust rates AAAM by Standard and Poor's and Aaa by Moody's.

**Note 4 - Receivables**

Receivables consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Due from customers for ambulance service	\$ 222,478	\$ 386,200
Less allowance for uncollectible amounts	(166,859)	(289,650)
Miscellaneous receivables	59,084	36,142
Grant receivable	-	6,950
Taxes	1,150,068	921,717
<b>Total Receivables</b>	<u>\$ 1,264,771</u>	<u>\$ 1,061,359</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023 and 2022

**Note 5 - Changes in Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2023.

	<u>December 31,</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2023</u>
Land	\$ 207,842	\$ -	\$ -	\$ 207,842
Construction in progress	49,218	286,212	49,218	286,212
Building and improvements	1,226,775	393,102	-	1,619,877
Furniture and equipment	520,709	8,280	-	528,989
Vehicles	393,564	-	-	393,564
<b>Totals</b>	<u>\$ 2,398,108</u>	<u>\$ 687,594</u>	<u>\$ 49,218</u>	<u>\$ 3,036,484</u>
Less depreciation	(1,265,503)			(1,348,365)
<b>Net Capital Assets</b>	<u>\$ 1,132,605</u>			<u>\$ 1,688,119</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$82,862 and \$77,203, respectively. Accumulated depreciation for the years ended December 31, 2023 and 2022 was \$1,348,365 and \$1,265,503, respectively.

**Note 6 - Net Position**

The basic financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in capital assets (net of related debt) is intended to reflect the portion of the net position that are associated with non-liquid capital assets, less outstanding capital asset related debt.

Restricted net position are amounts that have third-party limitation on their use. As of December 31, 2023 and 2022 restricted net position consisted of \$32,500 and \$33,600 for the Tabor Emergency Reserve.

Unrestricted net position are amounts that do not meet the definition of “invested in capital assets” or “restricted net position” and are available for the District’s operations.

## **Other Supplementary Information**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**BUDGET BASIS - BUDGET AND ACTUAL**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
 For the year ended December 31, 2023

	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>2023</u></b>	<b><u>Variance</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Favorable</u></b>
				<b><u>(Unfavorable)</u></b>
<b>Revenues</b>				
Ambulance fees	\$ 760,000	\$ 760,000	\$ 735,077	\$ (24,923)
Other operating revenue	-	-	69,304	69,304
Administrative adjustments and write offs	<u>(456,000)</u>	<u>(456,000)</u>	<u>(462,411)</u>	<u>(6,411)</u>
<b>Total Operating Revenues</b>	<u>304,000</u>	<u>304,000</u>	<u>341,970</u>	<u>37,970</u>
<b>Nonoperating Revenues</b>				
General property tax	921,574	921,574	924,754	3,180
Specific ownership tax	139,065	139,065	141,492	2,427
Grant revenue	-	-	-	-
Capital grants and contributions	-	50,000	18,250	(31,750)
Investment income	14,490	14,490	55,688	41,198
Contributions	8,500	8,500	12,252	3,752
Other non-operating revenue	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
<b>Total Nonoperating Revenues</b>	<u>1,128,629</u>	<u>1,178,629</u>	<u>1,152,436</u>	<u>(26,193)</u>
<b>Total Revenues</b>	<u>1,432,629</u>	<u>1,482,629</u>	<u>1,494,406</u>	<u>11,777</u>
<b>Operating Expenses</b>				
Administration	297,573	291,495	380,694	(89,199)
Ambulance	906,222	1,128,316	939,951	188,365
Central Service and Supply	313,816	554,274	-	554,274
Maintenance and operations	1,824	-	44,350	(44,350)
Other expenses and contingency	<u>-</u>	<u>45,407</u>	<u>-</u>	<u>45,407</u>
<b>Total Administration</b>	<u>1,519,435</u>	<u>2,019,492</u>	<u>1,364,995</u>	<u>654,497</u>
<b>Nonoperating Expenditures</b>				
Treasurer collection fees	-	-	46,150	(46,150)
Capital outlay	<u>-</u>	<u>-</u>	<u>638,376</u>	<u>(638,376)</u>
<b>Total Nonoperating Expenses</b>	<u>-</u>	<u>-</u>	<u>684,526</u>	<u>(684,526)</u>
<b>Total Expenditures</b>	<u>1,519,435</u>	<u>2,019,492</u>	<u>2,049,521</u>	<u>(30,029)</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures (Budgetary Basis)</b>	(86,806)	(536,863)	(555,115)	(18,252)
<b>Net Position - Beginning of Year</b>	<u>1,684,580</u>	<u>1,684,580</u>	<u>1,687,220</u>	<u>2,640</u>
<b>Net Position - End of Year</b>	<u>\$ 1,597,774</u>	<u>\$ 1,147,717</u>	<u>\$ 1,132,105</u>	<u>\$ (15,612)</u>

The accompanying notes to financial statements are an integral part of this schedule.

**BUDGET RECONCILIATION**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2023

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**Reconciliation From Budgetary Basis to GAAP Basis of Accounting**

<b>Revenue (GAAP Basis )</b>		\$ 1,494,406
Less:		
Gain on sale of assets		<u>-</u>
	<b>Revenue (Budgetary Basis)</b>	<u>1,494,406</u>
 <b>Expenditures (GAAP Basis)</b>		 1,499,877
Plus:		
Capital outlay		638,376
Less:		
Change in paid time off accrual		(5,870)
Depreciation		<u>(82,862)</u>
	<b>Expenditures (Budgetary Basis)</b>	<u>2,049,521</u>
	<b>Net Income</b>	<u>\$ (555,115)</u>

The accompanying notes to financial statements are an integral part of this schedule.

**SCHEDULES OF OPERATING EXPENSES - BY DEPARTMENT**

WEST CUSTER COUNTY HOSPITAL DISTRICT

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Administration</b>		
Salaries and employee benefits	\$ 81,985	\$ 55,850
Insurance	23,182	17,600
Payroll taxes	6,396	4,079
Contract labor	15,837	13,905
Transition subsidy	218,208	197,428
Supplies	2,533	2,566
Professional services	30,377	29,462
Publicity, subscriptions, dues	1,197	-
Marketing	15	-
Computer and IT expense	3,179	583
Telephone	1,124	-
Training	35	-
<b>Total Administration</b>	<u>384,068</u>	<u>321,473</u>
 <b>Ambulance Service</b>		
Salaries and employee benefits	673,932	547,904
Payroll taxes	51,746	41,239
Contract labor	7,552	-
Supplies	65,879	45,586
Professional services	71,898	31,693
Marketing	1,923	879
Repairs and maintenance	14,579	97
Computer and IT expense	6,998	7,845
Insurance	25,168	31,573
Publicity, subscriptions, dues	329	6,028
Staff expense and training	10,899	1,830
Depreciation	55,279	54,223
Telephone	3,706	3,983
Utilities	7,838	10,359
<b>Total Ambulance Service</b>	<u>997,726</u>	<u>783,239</u>
 <b>Maintenance and Operation</b>		
Contract labor	12,729	-
Repairs and maintenance	21,372	47,349
Professional services	8,400	22,936
Telephone	1,849	-
Depreciation	27,583	22,980
<b>Total Maintenance and Operation</b>	<u>71,933</u>	<u>93,265</u>
<b>Total Operating Expenses</b>	<u>\$ 1,453,727</u>	<u>\$ 1,197,977</u>

The accompanying notes to financial statements are an integral part of this schedule.