Northern Saguache County Ambulance District
Saguache, Colorado

FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the business-type activities of the Northern Saguache County Ambulance District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Northern Saguache County Ambulance District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2025, 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.

Basis for Opinion

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Northern Saguache County Ambulance District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 Northern Saguache County Ambulance 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

My 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 my opinion. 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, I:

- 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 Northern Saguache County Ambulance 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Saguache County Ambulance District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Saguache County Ambulance District's basic financial statements. The supplementary information, as identified 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. Such information has been subjected to the auditing procedures applied in the audits 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 my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lance McMahon

Divide, Colorado
May 14, 2026

BASIC FINANCIAL STATEMENTS

Northern Saguache County Ambulance District
Statement of Net Position
December 31, 2025

Assets	
Current Assets	
Cash and Cash Equivalents	$ 800,055
Cash with Fiscal Agent	5,912
Customer Accounts Receivable	28,051
Prepaid Expenses	6,559
Property Taxes Receivable	449,662
Total Current Assets	1,290,239
Noncurrent Assets	
Capital Assets	
Nondepreciable	35,600
Depreciable	1,058,853
Total Capital Assets	1,094,453
Less accumulated depreciation	(507,896)
Net Capital Assets	586,557
Total Noncurrent Assets	586,557
Total Assets	1,876,796
Liabilities	
Current Liabilities	
Accounts Payable	11,651
Total Current Liabilities	11,651
Deferred Inflows of Resources	
Deferred Property Taxes	449,662
Total Deferred Inflows of Resources	449,662
Net Position	
Net Investment in Capital Assets	586,557
Restricted for Emergencies	15,000
Unrestricted	813,926
Total Net Position	$ 1,415,483

The accompanying notes are an integral part of these financial statements

Northern Saguache County Ambulance District
Statement of Revenues, Expenses and Changes in Net Position
For the year Ended December 31, 2025

Operating Revenues		
Ambulance Services	$	340,852
Less:		
Contract Adjustments		(157,492)
Allowance for Bad Debts		(38,841)
Total Operating Revenues		144,519
Operating Expenses		
Administration		100,725
Operations		346,911
Depreciation		65,595
Capital Outlay Expenses		-
Total Operating Expenses		513,231
Operating Loss		(368,712)
Nonoperating Revenues (Expenses)		
Property Taxes		355,834
Specific Ownership Taxes		52,984
Donations		2,829
Investment Earnings		6,911
Total Nonoperating Revenues (Expenses)		418,558
Change in Net Position		49,846
Net Position, beginning of year		1,365,637
Net Position, end of year	$	1,415,483

The accompanying notes are an integral part of these financial statements

Northern Saguache County Ambulance District
Statement of Cash Flows
For the year Ended December 31, 2025

Cash Flows From Operating Activities	
Cash Received from Ambulance Services	$ 140,953
Cash Paid for Employee Services	(249,662)
Cash Paid for Goods and Services	(202,357)
Net Cash Provided (used) By Operating Activities	(311,066)
Cash Flows from Non-Operating Activities	
County Treasurer Receipts	403,944
Other Receipts	2,829
Net Cash Provided (Used) By Non-Opertaing Activities	406,773
Cash Flows From Capital and Related Financing Activities	
Acquisitions of Capital Assets	-
Cash Flows From Investing Activities	
Investment Earnings	6,911
Net Increase (decrease) in cash and cash equivalents	102,618
Cash and cash equivalents, beginning of year	697,437
Cash and cash equivalents, end of year	$ 800,055
Reconciliation of Operating Income (Loss) to Net Cash provided (Used) by Operating Activities	
Operating Loss	(368,712)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities	
Depreciation Expense	65,595
Changes in assets and liabilities	
Accounts receivable	(4,059)
Accounts payable	(3,890)
Net Cash Provided (Used) by Operating Activities	$ (311,066)

The accompanying notes are an integral part of this statement

Note 1 - Summary of Significant Accounting Policies

History and Organization

The Northern Saguache County Ambulance District is a political subdivision of the State of Colorado governed by a five-member board of directors. As required by generally accepted accounting principles, these financial statements present the Northern Saguache County Ambulance District (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the district's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

Nature of Operations

The District provides emergency medical services for citizens in and around the Northern Saguache County area in Colorado. The District was formed in 2003 as established by Colorado State statutes. Taxes are levied upon all taxable property in the District's boundaries by the County Commissioners. The County Treasurer bills and collects all property taxes for the District.

Financial Reporting Entity

In accordance with governmental accounting standards, the Northern Saguache County Ambulance District has considered the possibility of inclusion of additional entities in its financial statements. Definition of the reporting entity is based primarily on financial accountability and financial benefits or burdens.

The district is not financially accountable for any other entity, nor is the district a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Basis of accounting

The District's activity is 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Property taxes, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Service revenue is accrued once billed. All other revenue items are considered to be measurable and available only when cash is received by the District. As certain charges are limited under either federal reimbursement provisions or agreed upon rates with insurance companies, the financial statements reflect the gross charges and separately reduces these amounts for the amount of the contract adjustments. Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred.

The District reports one enterprise fund. This fund accounts for the financial resources of the District including all revenues and costs related to the emergency medical services that are provided. Principal sources of revenue are service charges, property taxes, intergovernmental revenue and interest. Primary expenditures are for emergency medical services and general administration.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's board of directors holds public hearings in the fall each year to adopt the budget and appropriate the funds for the ensuing year. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end.

Cash and investments

For purposes of the statements of cash flows, the District considers cash and all highly liquid debt instruments with initial maturities of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable of the District consist of Ambulance Services receivable. Accounts receivable are unsecured and are stated at the amount the District expects to collect. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms.

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position

Net Position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net Position is classified in the following three components:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted -This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of fund balances that do not meet the definition of "restricted" or "net investment in capital assets."

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Capital assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Contributed capital assets are recorded at estimated acquisition value at the date of contribution. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets as follows:

Buildings	50 years
Equipment and Vehicles	10 years

Maintenance and repairs are expensed as incurred. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected as non-operating revenue or expense.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has one item that qualifies for reporting in this category. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenues and expenses

Operating revenues consist of charges for services and are recognized as earned. Operating expenses include the cost of service, administrative expenses, and depreciation of assets, and are recorded as incurred.

Compensated absences

The District does not provide for the accumulation or carryover of leave benefits. The District pays out all unused leave at year end. As a result, no liability for compensated absences has been recorded in the financial statements in accordance with GASB Statement No. 101, Compensated Absences.

Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation.

Subsequent events

The District has evaluated events subsequent to the year ended December 31, 2025 through the date of the attached independent auditor's report, the date these financial statements were issued.

Note 2 – Cash and Investments

The District's cash and investment balance as of December 31, 2025 consisted of checking deposits with a bank balance of $556,884 and a book balance of $578,517. The District also had a certificate of deposit with a value of $221,538 at year end.

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits. The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Note 3 - Accounts Receivable

The District has accounts receivable as follows:

Ambulance Service Fees	$	113,111
Allowance for Uncollectible Fees		(85,060)
	$	28,051

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2025, is as follows –

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land	$ 35,600	$ -	-	$ 35,600
Total Nondepreciable	35,600	-	-	35,600
Depreciable				
Buildings	273,461	-	-	273,461
Vehicles	511,117	-	-	511,117
Equipment	274,275	-	-	274,275
Total Depreciable	1,058,853	-	-	1,058,853
TOTAL	1,094,453	-	-	1,094,453
Less Accumulated Depreciation				
Buildings	(80,521)	(5,469)	-	(85,990)
Vehicles	(258,749)	(33,559)	-	(292,308)
Equipment	(103,031)	(26,567)	-	(129,598)
	(442,301)	(65,595)	-	(507,896)
Net Capital Assets	$ 652,152	$ (65,595)	$ -	$ 586,557

Note 5 – Risk Management

Northern Saguache County Ambulance 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 disaster.

The district carries commercial insurance for all risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 6 – Tax, Spending and Debt Limitations

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts. The District's financial activity for the year ended December 31, 2025 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2025, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt. In November, 2002, the District's electorate approved a resolution to permit the District to “collect, retain and expend all revenues from any source, including revenues from grants and fundraising activities”, notwithstanding Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District has made the following net position restriction as a result of Article X, Section 20 (TABOR) of the Colorado Constitution:

<u>Emergency Reserve</u>
The Article requires an emergency reserve be set aside for 2025 in the amount of 3% or more of its fiscal year spending. At December 31, 2025, the District has restricted $15,000 for emergencies.

The District believes it is in compliance with the provisions of the TABOR Amendment.

Note 7 – Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current year’s financial statement.

SUPPLEMENTARY INFORMATION

Northern Saguache County Ambulance District
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
Operating Revenues			
Ambulance Services	$ 45,000	$ 340,852	$ (295,852)
Less:			
Contract Adjustments	-	(157,492)	157,492
Bad Debt Expense	-	(38,841)	38,841
Net Ambulance Services	45,000	144,519	(99,519)
Total Operating Revenues	45,000	144,519	(99,519)
Operating Expenses			
Administration			
Insurance and Bonds	40,000	26,001	13,999
Professional Fees	40,000	43,129	(3,129)
Board Expenditures	7,200	5,300	1,900
Office Supplies	10,000	9,230	770
Internet	2,000	830	1,170
Utilities	10,000	5,568	4,432
Treasurer's Fees	17,500	10,667	6,833
Total Administration	126,700	100,725	25,975
Operations			
EMT Contracts	190,000	198,595	(8,595)
EMS Administrator	18,000	18,000	-
EMS Director	24,000	24,000	-
Physician Advisor	2,400	2,400	-
Payroll Taxes	19,000	19,367	(367)
Medical Supplies	40,000	11,348	28,652
Mileage and Meals	5,000	3,946	1,054
Equipment	60,000	5,340	54,660
Repairs and Maintenance	52,000	28,839	23,161
Planned/Unexpected Events	2,000	848	1,152
Fuel	14,000	7,695	6,305
Training	20,000	15,780	4,220
Clothing	2,500	3,145	(645)
Baca Grande Ambulance Contract	15,000	7,150	7,850
Contingency Fund	65,000	-	65,000
Emergency Fund	65,000	-	65,000
Vaccinations	1,000	-	1,000
Miscellaneous	1,000	458	542
Total Operations	595,900	346,911	248,989

Northern Saguache County Ambulance District
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
Capital Outlay	60,000		60,000
Total Operating Expenses	782,600	447,636	334,964
Net Income (Loss) From Operations	(737,600)	(303,117)	(434,483)
Nonoperating Revenues (Expenses)			
Property Taxes	360,515	408,818	(48,303)
Grants	12,500	-	12,500
Donations	-	2,829	(2,829)
Investment Earnings	100	6,911	(6,811)
Nonoperating Revenues (Expenses)	373,115	418,558	(45,443)
Change in Net Position - Budget Basis	$ (364,485)	115,441	$ (479,926)
Reconcilation of Budget Basis to GAAP Basis			
Capital Outlay		-	
Depreciation		(65,595)	
Change in Net Position - GAAP Basis		49,846	
Net Position - Beginning		1,365,637	
Net Position - Ending		$ 1,415,483	