Highland Rescue Team Ambulance District
Jefferson County, Colorado

FINANCIAL STATEMENTS

With Independent Auditors' Report

December 31, 2012

Highland Rescue Team Ambulance District

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WAGNER BARNES
& GRIGGS, PC

Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Highland Rescue Team Ambulance District
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Highland Rescue Team Ambulance District (the District) as of and for the year ended December 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Highland Rescue Team Ambulance District, as of December 31, 2012, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wagner Barnes & Griggs, PC

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Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as listed in the table of contents is presented for purposed of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary 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.

Wagner Barnes & Griggs, PC

Lakewood, Colorado
July 8, 2013

Highland Rescue Team Ambulance District
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

This section presents management's narrative overview and analysis of the financial condition and activities of Highland Rescue Team Ambulance District (District) as of and for the year ended December 31, 2012. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section. The MDA is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The information in this MDA is presented under the following headings:

I. Overview of the Basic Financial Statements
II. Financial Analysis
III. Capital Assets and Long-term Obligations
IV. Budgetary Highlights
V. Economic Factors and Next Year's Budget
VI. Requests for Information

I. Overview of the Basic Financial Statements

The District's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

A. Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government (the District). 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 government-wide financial statements can be found on pages 1-2 of this report.

The functions of the District include effective and economical operation of an ambulance service, which provides pre-hospital emergency medical services to the residents of the District and those that transit the District or come to the District to take advantage of the many recreational opportunities within the District. The pre-hospital emergency medical services include transport by ambulance to medical facilities outside of the jurisdictional boundaries of the District. The District provides these services primarily with volunteer staff.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose or local governments, uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. All of the funds of the District can be categorized as governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes is fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund, the general fund.

The District's Governmental Fund statements include the following:

- The Balance Sheet presents information on all the District's assets and liabilities, with the difference between the two reported as fund balance. Over time, increases or decreases in fund balance may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

- The Statement of Revenues, Expenditures, and Changes in Fund Balance presents information which reflects how the District's fund balance changed during the past year. All changes in the fund balance are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The governmental fund financial statements can be found on pages 3-4 of this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget and can be found on page 6 of this report.

C. Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-17 of this report.

D. Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information.

II. Financial Analysis

A. Financial Highlights

- The District's net position increased by $134,230 when compared to 2011.
- District revenues decreased by $112,057 when compared to 2011.
- District general fund expenditures decreased by $329,884 when compared to 2011.

B. Financial Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $1,435,600 at the close of the most recent year.

Net Position
Government-wide

	2012	2011
Assets		
Current assets	$ 786,086	$ 742,860
Capital assets, net	1,089,696	956,520
Total assets	1,875,782	1,699,380
Liabilities and Deferred Inflows		
Current liabilities	15,641	3,782
Deferred property tax revenue	291,208	287,099
Non-current liabilities	133,333	107,129
Total liabilities	440,182	398,010
Net Position		
Invested in capital assets, net of related debt	1,089,696	956,520
Restricted for emergencies	16,250	17,000
Unrestricted	329,654	327,850
Total Net Position	$1,435,600	$1,301,370

C. Results of Operation

Governmental activities increased the District's net position by $134,230, which accounts for 100 percent of the total increase in the net position of the District.

Changes in Net Position
Government-wide

	2012	2011
Revenues		
Program revenues		
Charges for services, net	$249,246	$203,534
Operating grants and contributions	97,988	239,047
General revenues		
Property tax	285,213	313,473
Specific ownership tax	20,369	20,267
Investment earnings	779	1,764
Other income	16,384	3,951
Total revenues	669,979	782,036
Expenses		
Ambulance service	517,472	487,510
Loss on disposition of assets	18,277	-
Interest on long-term debt	-	-
Total expenses	535,749	487,510
Change in nets assets	134,230	294,526
Net Position – beginning	1,301,370	1,006,844
Net Position – ending	$1,435,600	$1,301,370

The District completed its eighth year of operation in 2012.

Revenues: District revenues decreased by $112,057 when compared to 2011. The majority of this decrease was due to a decrease in property tax revenue and a decrease in grant funding.

Expenses: District ambulance service expenses increased by $29,962 when compared to 2011. The majority of the increase can be attributed to supplies, training, professional services, utilities and vehicle expenses, and loss on asset disposition.

III. Capital Assets and Long-term Obligations

A. Capital Assets

The District's investment in capital assets at December 31, 2012 amounts to $1,089,696 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, ambulances, medical equipment, other response equipment, and station furnishing and equipment. An analysis of changes in these capital assets is as follows:

Capital Assets

	2012	2011	Change	Percentage Change
Capital assets, not being depreciated				
Construction in progress	$ -	$527,373	$(527,373)	
Capital assets being depreciated				
Ambulances	369,488	298,600	150,074	24%
Medical equipment	209,666	167,972	41,693	25%
Station furnishing and equipment	87,340	71,494	15,846	22%
Other response equipment	234,900	224,479	10.421	5%
Building and improvements	824,263	287,379	536,884	187%
Total Capital Assets	1,725,657	1,049,924	675,733	64%
Less accumulated depreciation	635,961	620,777	15,184	2%
Capital assets, net of accumulated depreciation	$1,089,696	956,520	$133,176	14%

Investment in capital assets increased by $133,176 during 2012.

The station expansion project, comprised of a training/meeting room, additional bay, sleeping quarters, team day room and kitchen, three bathrooms, and parking lot was closed out in 2013. The station expansion was paid for out of surplus cash reserves from prior years and a grant from the Highland Rescue Team Foundation for $225,000.

The other significant capital assets purchased during the year was a new ambulance, medical equipment, a power pram, each which was funded in part by a grant.

B. Long-term Obligations

At the end of the current year, the District had no capital leases, no long-term debt, and no authorized unissued indebtedness.

The liability for the District Length of Service Award Program, established in 2009, increased by $26,204 when compared to 2011. Note 8 discusses this volunteer program and a retirement plan for non-volunteer employees.

IV. Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements.

The Budget was amended during the year in order to account for the grant funding and related capital outlay, since the grant award had not yet been awarded when the 2012 budget was first adopted. The total actual revenues of the District were more than budgeted revenues by $31,208. The total actual expenditures of the District were less than budgeted by $9,440.

The budget and actual comparison detail for 2012 can be found on page 6 of this report.

V. Economic Factors and Next Year's Budget

- Property taxes are budgeted for $291,208, which is an increase of $5,740 when compared to 2012 budgeted; this is due to a 1.4% increase in the assessed valuation.
- Total revenues including net fees for services and taxes are budgeted for $524,002.
- Total expenditures are budgeted for $523,530; including a capital outlay of $19,500 and LOSAP of $35,000.
- Budgeted capital expenditures are for a variety of planned items, but do not include outlays relating to matching grants as possible awards were not known at the time of the budget adoption.

V. Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Barbara DeBoer, District Administrator, Highland Rescue Team Ambulance District, 317 S. Lookout Mountain Road, Golden, Colorado 80401.

BASIC FINANCIAL STATEMENTS

Highland Rescue Team Ambulance District

STATEMENT OF NET POSITION

December 31, 2012

	Governmental Activities
Assets	
Cash and investments	$ 204,015
Cash and investments - restricted	102,778
Accounts receivable, net of allowance for doubtful accounts of $66,356	173,887
Prepaid expenses	12,594
Taxes receivable - current year	1,604
Taxes receivable - ensuing year	291,208
Capital assets being depreciated, net	1,089,696
Total assets	1,875,782
Liabilities	
Accounts payable and accrued payroll	15,641
Noncurrent liabilities:	
Accrued LOSAP liability	133,333
Total liabilities	148,974
Deferred Inflows of Resouces	
Deferred property tax revenue	291,208
Net position	
Invested in capital assets, net of related debt	1,089,696
Restricted for emergencies	16,250
Unrestricted	329,654
Total net position	$ 1,435,600

The accompanying Notes to Financial Statements are an integral part of these statements.

Highland Rescue Team Ambulance District

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Functions/Programs:	Expenses	Program Revenues: Net Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government					
Governmental activities:					
Ambulance service	517,472	249,246	97,988	-	(170,238)
Total primary government	$ 517,472	$ 249,246	$ 97,988	$ -	$ (170,238)
Property tax					285,213
Specific ownership tax					20,369
Investment earnings					779
Other income					16,384
Loss on sale of assets					(18,277)
Total general revenues					304,468
Change in net position					134,230
Net position - beginning					1,301,370
Net position - ending					$ 1,435,600

The accompanying Notes to Financial Statements are an integral part of these statements.

Highland Rescue Team Ambulance District

BALANCE SHEET

GOVERNMENTAL FUND

December 31, 2012

		General Fund
Assets		
Cash and investments	$	204,015
Cash and investments - restricted		102,778
Accounts receivable, net of allowance for doubtful accounts of $66,356		173,887
Prepaid expenses		12,594
Taxes receivable - current year		1,604
Taxes receivable - ensuing year		291,208
Total assets	$	786,086
Liabilities and Fund Balance		
Liabilities		
Accounts payable and accrued payroll		15,641
Accrued LOSAP liability		133,333
Total liabilities		148,974
Deferred Inflows of Resources		
Deferred property tax revenue		291,208
Fund balance		
Non-spendable:		12,594
Restricted for:		
Emergencies		16,250
Committed for:		
LOSAP payments		133,333
Unassigned:		
General government		183,727
Total fund balance		345,904
Total liabilities and fund balance		786,086
Total fund balance	$	345,904
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,089,696
Net position of governmental activities	$	1,435,600

The accompanying Notes to Financial Statements are an integral part of these statements.

Highland Rescue Team Ambulance District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended December 31, 2012

	General Fund
Revenues	
Service revenue	$ 382,721
Less: Allowances, fees, and provision for bad debts	(133,475)
Property tax	285,213
Specific ownership tax	20,369
Grants	97,988
Investment income	779
Other income	16,384
Total revenues	669,979
Expenditures	
General government	
Dues and subscriptions	638
Insurance	31,153
Miscellaneous	8,269
Postage	744
Printing	1,667
Professional services	17,679
Recognition	6,894
Repairs and maintenance	22,428
Salaries and benefits	260,174
Supplies	31,271
Telephone and paging	8,575
Training	20,067
Treasurer's fees	4,282
Utilities	16,449
Vehicle expense	11,090
Capital outlay	227,545
	668,925
Net change in fund balance	1,054
Fund balance - beginning	344,850
Fund balance - ending	$ 345,904

The accompanying Notes to Financial Statements are an integral part of these statements.

Highland Rescue Team Ambulance District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	$ 1,054
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	227,545
Depreciation expense	(76,092)
Loss on sale of fixed assets	(18,277)
Change in net position of governmental activities	$ 134,230

Highland Rescue Team Ambulance District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
Revenues				
Service revenue	$ 331,100	$ 356,876	$ 382,721	$ 25,845
provision for bad debts	(137,365)	(131,704)	(133,475)	(1,771)
Property tax	281,162	285,468	285,213	(255)
Specific ownership tax	18,500	19,138	20,369	1,231
Grants	15,000	93,696	97,988	4,292
Investment income	5,000	735	779	44
Other income	10,000	14,562	16,384	1,822
	523,397	638,771	669,979	31,208
Expenditures				
General government				
Dues and subscriptions	1,000	1,000	638	362
Insurance	31,120	29,135	31,153	(2,018)
Miscellaneous	8,850	8,078	8,269	(191)
Postage	1,000	1,000	744	256
Printing	2,000	2,000	1,667	333
Professional services	27,800	18,204	17,679	525
Repairs and maintenance	32,000	27,513	22,428	5,085
Recognition	9,000	9,000	6,894	2,106
Salaries and benefits	265,310	258,990	260,174	(1,184)
Supplies	42,500	35,858	31,271	4,587
Telephone and paging	9,750	9,750	8,575	1,175
Safety and training	20,300	22,234	20,067	2,167
Treasurer's fees	-	-	4,282	(4,282)
Utilities	16,500	14,680	16,449	(1,769)
Vehicle expense	9,000	9,000	11,090	(2,090)
Capital outlay	46,400	231,923	227,545	4,378
Total expenditures	522,530	678,365	668,925	9,440
Net change in fund balance	867	(39,594)	1,054	40,648
Fund balances - beginning	-	335,978	344,850	8,872
Fund balances - ending	$ 343,825	$ 296,384	$ 345,904	$ 49,520

The accompanying Notes to Financial Statements are an integral part of these statements.

Highland Rescue Team Ambulance District

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note 1 – Reporting entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on January 1, 2005 and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County. The District was established to provide emergency medical services for the Genesee Fire Protection District and the Foothills Fire Protection District residents. The District derives its revenue principally from service fees, property taxes, and grants.

On November 2, 2004, qualified electors in Jefferson County, Colorado approved the organization of the District effective January 1, 2005, and authorized an initial tax increase of up to $275,000 and a mill levy of two mills. Upon organization of the District, Highland Rescue Team Ambulance Service, a not-for-profit corporation organized under Section 501(c)(4) of the Internal Revenue Code, was dissolved and the District assumed all of the assets and liabilities of Highland Rescue Team Ambulance Service.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities are normally supported by taxes and inter-governmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, billings for services 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

> The general fund is the District's primary operating fund. It accounts for all financial resources of the general government.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

Cash and investments

The District's cash is considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value.

Receivables

Accounts receivable, allowance for doubtful accounts

Accounts receivable represents uncollected service and transport fees. Management has estimated the allowance for doubtful accounts based upon historical bad debt experience and an evaluation of the aging of the accounts receivable. The allowance for doubtful accounts was $66,356 at December 31, 2012.

Property taxes

Property taxes are levied 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 by certification to the County Commissioners to put the tax lien on the individual properties 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 in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measureable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets

Capital assets, which include vehicles and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an

initial, individual cost of more than $1,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the 150% declining balance for vehicles and the straight-line method for all other assets, based on the estimated useful lives of the assets, which range from 5 to 30 years.

Fund equity

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

At December 31, 2012, the District's fund balance had $12,594 in prepaid amounts that are non-spendable, $16,250 restricted by legislation (for emergencies), and $133,333 committed by action of the Board of Directors for payments to employees under a Length of Service Award Program (LOSAP).

The remaining fund balance is considered by the District to be unassigned. At December 31, 2012, the District had an unassigned fund balance in the general fund of $183,727.

Budget

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes the governmental fund on its basis of accounting.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

Effective January 1, 2012, the District implemented the provisions of GASB No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" (GASB No. 63) and early implemented the provisions of GASB No. 65, "*Items Previously Reported as Assets and Liabilities*" (GASB No. 65).

GASB No. 63 provides guidance for reporting deferred outflows and deferred inflows of resources as introduced and defined in GASB Concepts Statement No. 4 "*Elements of Financial Statements*" (Concepts Statement No. 4). Concepts Statement No. 4 defines a deferred outflow of resources as a consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets applicable to a future reporting period. The impact on the District's financial statements has been to replace the term "net assets" with "net position".

GASB No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Some assets previously reported as assets are now reported as an outflow of resources/expenses. One of these is debt issuance costs. The District's beginning net position may have been restated to reflect expensing all debt issuance costs that had been previously capitalized. The effect of this treatment has no impact on the District's December 31, 2012 audited financial statements as the District had no debt issuance costs previously capitalized.

The District's unearned property tax revenue to be collected in 2013 is considered to be a deferred inflow of resources and is reflected on the Statement of Net Position and Balance Sheet – Governmental Funds.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2012 Statement of Net position as follows:

Cash and investments	$ 204,015
Cash and investments - restricted	102,778
Total cash and investments	$ 306,793

Cash and investments as of December 31, 2011 consist of the following:

Deposits with financial institutions	$ 162,272
Investments	144,521
Total cash and investments	$ 306,793

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. 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 at least 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.

Custodial credit risk - deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has not adopted a deposit policy for custodial credit risk. As of December 31, 2012, none of the District's bank balance was exposed to custodial credit risk.

At December 31, 2012, the District's cash deposits had bank balances of $170,479 and carrying balances of $162,272.

Cash in the amount of $102,778 has been restricted for the LOSAP plan liability (Note 8).

Investments

The District's formal investment policy follows state statutes regarding investments.

The District primarily limits its investments to money market funds, insured certificates of deposit, and local government investments pools, 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 custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2012, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	$ 144,521
Total investments		$ 144,521

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), 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 and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct

investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAm by Standard and Poor's.

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2012 follows:

	Balance at December 31, 2011	Increases	Decreases	Balance at December 31, 2012
Capital assets, not being depreciated				
Construction in progress	$ 527,373	$ -	527,373	$ -
Total capital assets, not being depreciated	527,373	-	527,373	-
Capital assets being depreciated				
Ambulances	298,600	150,074	79,186	369,488
Medical equipment	167,973	41,693	-	209,666
Station furnishings and equipment	71,494	15,846	-	87,340
Other response equipment	224,479	10,421	-	234,900
Building and improvements	287,379	536,884	-	824,263
Total capital assets being depreciated	1,049,924	754,918	79,186	1,725,657
Less accumulated depreciation for				
Ambulances	125,837	25,763	60,908	90,692
Medical equipment	153,748	8,523	-	162,271
Station furnishings and equipment	53,242	22,008	-	75,250
Other response equipment	162,113	6,708	-	168,821
Building and improvements	125,837	13,090	-	138,927
Total accumulated depreciation	620,777	76,092	60,908	635,961
Total capital assets being depreciated, net	429,147	678,826	18,278	1,089,696
Capital assets, net	$ 956,520	$ 678,826	$ 545,651	$ 1,089,696

Depreciation expense of $76,092 for the year ended December 31, 2012 was charged to the Ambulance Service function.

Note 5 – Long-term obligations

At December 31, 2012, the District had no authorized but unissued indebtedness.

Note 6 – Net service revenue

Net service revenue consisted of the following at December 31, 2012:

Service revenue	$ 382,721
Allowances and disallowed revenue	(73,282)
Provision for bad debts	(56,490)
Collection fees	(3,703)
Net service revenue	$ 249,246

Note 7 – Net position

The District has net position consisting of three components – invested in capital assets, net of related debt, restricted, and unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2012, the District had invested in capital assets, net of related debt equaling the net value of capital assets.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2012, the District had restricted net position of $16,250, for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

The District's unrestricted net position as of December 31, 2012 was $329,654.

Note 8 – Retirement plan

Effective January 1, 2006, the District adopted a 457(b) Governmental Deferred Compensation Plan (the Plan), which allows participating employees to defer a portion of their compensation as allowed under Internal Revenue Code Section 457(b). The District may make contributions to the Plan each year. During the year ended December 31, 2012, employer contributions to the Plan totaled $3,253.

During 2009, the District adopted a Length of Service Award Program (LOSAP), which provides tax-deferred income benefits to eligible, active volunteer members of Highland Rescue Team. Benefits available to volunteer members are based on the member's years of active service. A participant in the LOSAP is 100% vested after five years of service. During the year ended December 31, 2012, the District contributed $36,957 to LOSAP.

Note 9 – Risk management

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors or omissions; injuries to personnel; and natural disasters. The District maintains commercial insurance for all risks of loss. Settled

claims have not exceeded the commercial insurance coverage limits in any of the past three years.

Note 10 – Tax, spending and debt limitation

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves of at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

In November 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 2006 and any year thereafter, without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits may depend upon litigation and legislative guidance.

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SUPPLEMENTAL INFORMATION

Highland Rescue Team Ambulance District

SUMMARY OF ASSESSED VALUATION,
MILL LEVY, AND PROPERTY TAXES COLLECTED

December 31, 2012

Year ended December 31,	Prior year assessed valuation for current year property tax levy General fund	Mills levied for General fund	Total property taxes Levied	Total property taxes Collected	Percent collected to levied
2006	$ 137,723,380	2.000	$ 275,447	$ 274,527	99.7%
2007	$ 138,562,000	2.000	$ 277,124	$ 275,076	99.3%
2008	$ 149,288,940	2.000	$ 298,578	$ 297,949	99.8%
2010	$ 154,473,330	2.000	$ 308,946	$ 303,515	98.2%
2011	$ 156,762,920	2.000	$ 313,526	$ 313,473	100.0%
2012	$ 143,549,454	2.000	$ 287,099	$ 285,387	99.4%
Estimated for calendar year ending 2013	$ 145,603,771	2.000	$ 291,208		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.