HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
Jefferson County, Colorado

REPORT ON FINANCIAL STATEMENTS

December 31, 2014

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
REPORT ON FINANCIAL STATEMENTS

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Highland Rescue Team Ambulance District (the "District"), as of and for the year ended December 31, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 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 the 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.

Financial Statements Tax Preparation Business Consulting Litigation Support

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and each major fund of Highland Rescue Team Ambulance District, as of December 31, 2014, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii-ix and the General Fund budgetary comparison information on page 6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statement, 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 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 inquires of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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.

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 on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has be subjected to the auditing procedures applied in the audit of the basic financial statements and certain limited 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Howard W. Masini CPA, P.C.
July 15, 2015

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT

Management's Discussion and Analysis

December 31, 2014

Within this section of the Highland Rescue Team Ambulance District's (District) financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2014. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the District's primary government.

FINANCIAL HIGHLIGHTS

- The District's assets exceed its liabilities by $1,612,704 (net assets) for the year reported. This compares to the previous year when assets exceeded liabilities by $1,506,663.
- Total net position is comprised of the following:
  - Capital assets, net of related debt, of $1,111,861 include property and equipment, net of accumulated depreciation.
  - Net assets of $17,200 are restricted by constraints imposed from outside the District such as debt covenants, laws or regulations.
  - Unrestricted net assets of $483,643 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- Total revenue increased by approximately $41,000 compared to the year ended December 31, 2013.
- Total expenses increased by approximately $6,100 compared to the year ended December 31, 2013.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The District's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, (3) notes to basic financial statements and (4) required supplementary information. The District also includes in this report additional information to supplement the basic financial statements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – (CONTINUED)

Government-wide Financial Statements

The District's financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the ***Statement of Net Position***. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's capital assets in addition to the financial information provided in this report.

The second government-wide statement is the ***Statement of Activities***, which reports how the District's net assets have changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by intergovernmental contributions.

Both government-wide financial statements distinctively report governmental activities of the District that are principally supported by intergovernmental contributions. Governmental activities include general government, fire suppression, fire prevention and training, communications and vehicles & equipment operations. Fiduciary activities such as employee and volunteer pension plans are not included in the government-wide statements since these assets are not available to fund District programs.

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 governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The basic financial statements of the District are presented as a special purpose government engaged in (1) governmental type funds – providing fire protection services to District residents.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinct view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – (CONTINUED)

Fund Financial Statements – (continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for the capital projects fund and the debt service fund can be found in a later section of this report. These statements and schedules demonstrate compliance with the District's adopted and final revised budget.

Notes to Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the District's general fund budgetary comparison. *Other Supplementary Information* includes detail budgetary comparisons for the Pension Fund funds as well as progress in funding its obligations to provide pension benefits to its volunteers.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets at December 31:

Financial Position

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by $1,612,704 for the year ended December 31, 2014.

The largest portion of the District's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Statements of Net Position

	2014	2013
Assets		
Current assets	$ 992,138	$ 854,980
Capital assets, net	1,111,861	1,119,369
Total assets	2,103,999	1,974,349
Liabilities		
Current liabilities	30,613	16,179
Deferred property tax revenue	280,875	283,174
Non-current liabilities	179,807	168,333
Total liabilities	491,295	467,686
Net Position		
Net investment in capital assets	1,111,861	1,119,369
Restricted for emergencies	17,200	17,200
Unrestricted	483,643	370,094
Total net position	$ 1,612,704	$ 1,506,663

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities for the years ended December 31, 2014 and 2013 by $1,612,704 and $1,506,663, respectively.

The largest portion of the District's net position reflects its investment in capital assets. The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

Results of Operations

The following table shows the changes in the District's Net Position during the year.

Summary of Statements of Activities

	2014	2013
Revenue		
Program revenue:		
Charges for services, net	$ 259,770	$ 186,880
Operating grants and contributions	44,352	71,506
General revenues:		
Property tax	283,145	290,483
Specific ownership tax	21,669	21,388
Investment earnings	846	1,432
Other income	4,426	1,422
Total revenue	614,208	573,111
Expenses		
Ambulance service	508,167	502,048
	508,167	502,048
Change in Net Position	106,041	71,063
Net Position – Beginning of Year	1,506,663	1,435,600
Net Position – End of Year	$ 1,612,704	$ 1,506,663

Revenues:

Overall revenue increased for the year ending December 31, 2014 by approximately $41,000 compared to the prior year. This increase can be attributed to an approximate increase of $72,900 in revenue received from fees for ambulance call response and transport services and a decrease in grant revenues and property taxes of approximately $27,000 and $7,000, respectively.

Results of Operation – (continued)

Expenses:

District ambulance expenses increased by approximately $6,100 due to increased training costs and an increase in depreciation expense for the year ended December 31, 2014.

Capital Assets

The District's investment in capital assets at December 31, 2014 amounts to $1,111,861 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, apparatus, equipment and furnishings. An analysis of changes in capital assets is as follows:

Capital Assets

	2014	2013
Ambulances	$ 369,488	$ 369,488
Medical equipment	328,126	284,713
Station furniture and equipment	88,767	82,555
Other response equipment	284,384	264,462
Buildings and improvements	839,565	832,263
Total capital assets	1,910,330	1,833,481
Less: accumulated depreciation	(798,469)	(714,112)
Capital assets, net of accumulated depreciation	$ 1,111,861	$ 1,119,369

The major capital additions purchased during the year include the following: **1)** Lifepak 15 with upgrade kits & accessories ($23,800)and Stair Chair $8,000, **2)** Various equipment additions totaling $20,000 which included 3ECPR Toughbooks and a Vertex Package Base Station. **3)** Resurface bay floor $7,300.

Additional information on the District's capital assets can be found in Note 4 of this report.

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 $11,177.

Budgetary Highlights

The District's annual budget is prepared according to Colorado law and it 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 2014 budget was first adopted. The total revenue of the District was more than budgeted revenues by 9,656. The total actual expenditures of the District were less than budgeted by $39,863.

Additional information on the District's detailed Budget for the General fund can be found in page 6 of this report.

Economic Factors and Next Year's Budget

- Property taxes are budgeted for $280,875, which is a decrease of $2,299 when compared to 2014
- budgeted amounts; this is due to a 0.8% decrease in the assessed valuation of properties within the District boundaries.
- Total revenues including net fees for services and taxes are budgeted for $537,962.
- Total expenditures are budgeted for $518,929; including capital outlay of $14,500 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.

Request for Information

The 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 South Lookout Mountain Road
Golden, Colorado 80401

BASIC FINANCIAL STATEMENTS

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
STATEMENT OF NET POSITION
December 31, 2014

ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 328,490
Restricted	149,488
Accounts receivable, net of allowance for doubtful accounts of $78,453	221,467
Prepaid expenses	9,766
Amounts due from Jefferson County	2,052
Property taxes receivable	280,875
Capital assets being depreciated, net	1,111,861
Total Assets	2,103,999
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable and accrued payroll	30,613
Accrued LOSAP liability	179,807
Total Liabilities	210,420
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	280,875
Total Deferred Inflows of resources	
Total Liabilities and Deferred Inflows of resources	491,295
NET POSITION	
Net investment in capital assets	1,111,861
Restricted for emergencies	17,200
Unrestricted	483,643
Total Net Position	$ 1,612,704

The Notes to Financial Statements are and Independent Auditors' Report are an integral part of these statements.

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2014

FUNCTIONS/ PROGRAMS	Expenses	Program Revenues: Net Charges for Services	Program Revenues: Operating Grants & Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Primary Government				
Governmental Activities:				
Ambulance service	$ 423,809	$ 259,770	$ 44,352	$ (119,687)
Depreciation Expense	84,358			(84,358)
Total Governmental Activities	$ 508,167	$ 259,770	$ 44,352	(204,045)
			Property tax	283,145
			Specific ownership tax	21,669
			Investment earnings	846
			Other income	4,426
			Total general revenues	310,086
			Change in net position	106,041
			Net Position - January 1	1,506,663
			Net Position - December 31	$ 1,612,704

The Notes to Financial Statements and Independent Auditors' Report are an integral part of these statements.

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2014

		General Fund
ASSETS		
Cash and cash equivalents:		
Unrestricted	$	328,490
Restricted		149,488
Accounts receivable, net of allowance for doubtful accounts of $70,498		221,467
Prepaid expenses		9,766
Amounts due from Jefferson County		2,052
Property taxes receivable		280,875
Total Assets	$	992,138
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued payroll	$	30,613
Accrued LOSAP liability		179,807
Total Liabilities		210,420
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue		280,875
FUND BALANCES		
Non-spendable for:		
Prepaid epxenses		9,768
Restricted for:		
TABOR emergency reserves		17,200
Committed for:		
LOSAP payments		179,807
Unassigned for:		
General government		294,068
Total Fund Balances		500,843
Total Liabilities and Fund Balances	$	992,138
The fund balance reported on the general fund balance sheet	$	500,843

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the General Fund above because of the following:

Amounts reported in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		
Capital assets, net of accumulated depreciation		1,111,861
Net position of governmental activities (**page 2**)	$	1,612,704

The Notes to Financial Statements and Independent Auditors' Report are an integral part of these statements.

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
For the Year Ended December 31, 2014

	General Fund
REVENUES	
Service revenue	$ 397,986
Less: Allowances, fees, and provisions for bad debts	(145,355)
Property tax	283,145
Specific ownership tax	21,669
Grants	44,352
Team outsource	7,139
Investment income	846
Other income	4,425
Total revenues	614,207
EXPENDITURES	
Operations	212,145
Safety & training	18,130
Apparatus & equipment	28,009
Facilities/station	31,897
Administration	111,581
LOSAP	22,046
Capital outaly	76,849
Total expenditures	500,657
EXCESS OF REVENUES OVER EXPENDITURES	113,550
FUND BALANCE, JANUARY 1	387,293
FUND BALANCE, DECEMBER 31	$ 500,843

The Notes to Financial Statements and Indpendent Auditors' Report are an integral part of these statements.

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
Reconciliation of the
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
With the
STATEMENT OF ACTIVITIES
December 31, 2013

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

NET CHANGES IN FUND BALANCE - GENERAL FUND	$ 113,550
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	76,849
Depreciation expense	(84,358)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **(page 2)**	$ 106,041

The Notes to Financial Statements and Indepenent Auditors' Report are an integral part of these statements.

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, 2014

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Service revenue	$ 345,100	$ 390,105	$ 397,986	$ 7,881
provision for bad debts	(150,125)	(141,036)	(145,355)	(4,319)
Property tax	278,091	278,143	283,145	5,002
Specific ownership tax	20,000	21,067	21,669	602
Grants	22,000	44,352	44,352	-
Team outsource	-	7,139	7,139	
Investment income	1,000	869	846	(23)
Other income	1,000	3,912	4,425	513
Total revenues	517,066	604,551	614,207	9,656
EXPENDITURES				
Operations	247,588	212,604	212,145	459
Safety & training	30,265	30,265	18,130	12,135
Apparatus & equipment	44,000	32,241	28,009	4,232
Facilities/station	33,610	32,221	31,897	324
Administration	118,635	113,254	111,581	1,673
LOSAP	35,000	35,000	22,046	12,954
Capital outaly	9,500	84,935	76,849	8,086
Total expenditures	518,598	540,520	500,657	39,863
NET CHANGE IN FUND BALANCE	(1,532)	64,031	113,550	49,519
FUND BALANCE, DECEMBER 31, 2013	339,866	387,293	387,293	-
FUND BALANCE, DECEMBER 31, 2014	$ 338,334	$ 451,324	$ 500,843	$ 49,519

The Notes to Financial Statements and Independent Auditors' Report are an integral part of these financial statements.

Note 1 - Definition of Reporting Entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized 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, which is the primary government, is not considered a component unit of any other governmental unit under criteria established by Governmental Accounting Standards Board No. *14, "The Financial Reporting Entity"* and does not engage in any Business-type activities.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standard followed by governmental entities in the U.S.A.

Note 2 - Summary of Significant Accounting Policies – (continued)

B. *Government-wide and Fund Financial Statements*

Government-wide Financial Statements

The government-wide financial statements include the statements of net assets and the statements of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as volunteer pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes (if applicable) and intergovernmental contributions, are reported separately from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) Charges for services, and (2) Grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The Fund Financial Statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The District only has one governmental fund.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Note 2 - Summary of Significant Accounting Policies – (continued)

D. *Fund Types*

District reports the following fund types:

Governmental Funds:

General Fund – reports as the primary fund of the District. This fund is used to account for all financial resources not reported in other funds.

E. *Assets, Liabilities, and Net Position or Equity*

Cash and cash equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The District has implemented the accounting and reporting requirements of Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. At December 31, 2014, the carrying value of investments approximates fair value.

Capital Assets

Capital assets which include building improvements, vehicles and fixtures 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 or estimated 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 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.

Note 2 - Summary of Significant Accounting Policies - (continued)

F. Assets, Liabilities, and Net Position or Equity – (continued)

Net Position or 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. Fund financial statements could include the following classifications which 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 District, 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.

As of December 31, 2014, the District's fund balance had $9,766 in prepaid amounts that are non-spendable, $17,200 restricted by legislation (for emergencies) and $179,807 committed by action of the Board of Directors for payments to employees under a Length of Service Award Program (LOSAP).

The remaining fund balance was considered by the District to be unassigned. At December 31, 2014, the District had an unassigned fund balance in the general fund of $294,068.

Note 2 - Summary of Significant Accounting Policies - (continued)

F. Assets, Liabilities, and Net Position or Equity – (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates.

Note 3 - Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General and Pension Trust Funds. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law. The amounts not included in non-GAAP budgetary basis schedules are reflected on the schedules in the budget section of this report.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Budgets are required by state law for all funds. Prior to October 15, a proposed operating budget for each fund is submitted to the Directors for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. The budget is formally adopted by a resolution of the Board after considering comments received, prior to December 31, and generally before December 15 to allow the District's members to finalize budgets and certify mill levies in consideration of their District funding obligation before statutory deadlines.

Tax, Spending and Revenue Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments.

The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

Note 3 - Stewardship, Compliance and Accountability – (continued)

Tax, Spending and Revenue Limitations – (continued)

The amendment excludes from its provisions Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations in the amendment's language in order to determine its compliance.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Although an Enterprise is not required to do so, for the year ended December 31, 2014, the District had reserved $17,200 for this purpose.

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 fees of the District without regard to any limitations under TABOR, effective for the years 2004 and thereafter.

Management of the District is of the belief that 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.

Note 4 – Cash, Cash Equivalents and Investments

Cash and cash equivalents held by the District as of December 31, 2014 were as follows:

Cash and cash equivalents	Book Balance	Bank Balance
Insured cash deposits	$ 186,600	$ 192,552
Collateralized deposits	--	--
Total cash deposits and cash on hand	186,600	$ 192,552

Investments	Fair Value
Local government investment pools	291,378
Total investments	291,378
Total cash deposits and investments	$ 477,978

Per financial statements:

Cash and investments	$ 328,490
Cash and investments – restricted	149,488
Total cash and investments	$ 477,978

Note 4 – Cash, Cash Equivalents and Investments – (continued)

CASH AND CASH EQUIVALENTS:

Custodial Risk

As of December 31, 2014, the carrying amount of the District's cash and cash equivalents were $477,978. The District's cash demand deposits are held at financial institutions in which deposits are insured up to $250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). The District's deposits are categorized to give an indication of the level of risk assumed by the District at December 31, 2014.

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 coverage must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows eligible depositories 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 a trust. The market value of eligible 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 eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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 risk. As of December 31, 2014, none of the District's bank balance was exposed to custodial risk.

INVESTMENTS:

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

The District primarily limits its investment maturities to five years or less unless formally approved by the Board of Directors. Such actions 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 statues 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 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
- Guarantee investment contracts
- Local government investment pool

Note 4 – Cash, Cash Equivalents and Investments – (continued)

As of December 31, 2014, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Liquid Asset Trust (ColoTrust)	Weighted average under 60 days	$ 291,378

COLOTRUST

As of December 31, 2014, the District had invested $291,378 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 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. Agency Securities and highest rated commercial paper. 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 owned by the Trust.

As of December 31, 2014, COLOTRUST PRIME is rated AAAm by Standard and Poor's. COLOTRUST PLUS+ is rated AAAm by Standard and Poor's, Fitch and Moody's. Separate financial statements can be obtained through their web-site at www.colotrust.com or by calling (303) 864-7474.

Note 5 - Capital Assets

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

Note 5 - Capital Assets – (continued)

An analysis of the changes in capital assets for the year ended December 31, 2014 follows:

	Balance January 1, 2014	Transfers/ Additions	Transfers/ Retirement	Balance December 31, 2014
Capital assets not being depreciated:				
Construction in progress	$ --	$ --	$ --	$ --
Total capital assets not be depreciated	--	--	--	--
Capital assets being depreciated:				
Ambulances	369,488		--	369,488
Medical equipment	284,713	43,413	--	328,126
Station furnishings and equipment	82,555	6,212	--	88,767
Other response equipment	264,462	19,922	--	284,384
Building and improvements	832,263	7,302	--	839,565
Total capital assets being depreciated	1,833,481	76,849	--	1,910,330
Less accumulated depreciation for:				
Ambulances	(116,424)	(25,598)	--	(142,024)
Medical equipment	(172,599)	(16,580)	--	(189,179)
Station furnishings and equipment	(66,724)	(7,458)	--	(74,182)
Other response equipment	(206,777)	(21,542)	--	(228,319)
Building and improvements	(151,585)	(13,180)	--	(164,765)
Total accumulated depreciation	(714,112)	(84,358)	--	(798,469)
Total Capital Assets Being Depreciated Net	1,119,370	(7,509)	--	1,111,861
Capital Assets, Net	$ 1,119,370	$ (7,509)	$ --	$ 1,111,861

Depreciation expense of $84,358 for the year ended December 31, 2014 was charged to the Ambulance Service function

Note 6 – Long-term Obligations

At December 31, 2014, the District had no authorized but unissued indebtedness.

Note 7 - Net Service Revenue

Net service revenue consisted of the following at December 31, 2014:

Service revenue	$ 405,125
Allowances and disallowed revenue	(85,151)
Provisions for bad debt	(59,375)
Collection fees	(829)
Net service revenue	$ 259,770

Note 8 - Net Position

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

Net investment in capital assets 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, 2014, the District had invested in capital assets, net of related debt equaling the net value of capital assets.

Restricted net position include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or law and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2014, the District had restricted net position of $17,200, for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

The District's net position as of December 31, 2014 was $1,612,704.

Note 9 – 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, 2014, employer contributions to the Plan totaled $2,676.

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, 2014, the District contributed $35,000 to LOSAP

Note 10 –Risk Management

The District is exposed to various risks of loss related to torts: Theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the District purchased commercial insurance to cover this risk. Settled claims have not exceeded the commercial insurance coverage limits in any of the past three years.

Note 11 –Evaluation of Subsequent Events

The District has evaluated subsequent events through July 15, 2015, the date which the financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosure.

SUPPLEMENTARY INFORMATION

HIGHLAND RESCUE TEAM AMBULANCE DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

DECEMBER 31, 2014

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2006	137,723,380	2.000	275,447	274,527	99.67%
2007	138,562,000	2.000	277,124	275,076	99.26%
2008	149,288,940	2.000	298,578	297,949	99.79%
2009	150,681,010	2.000	301,362	300,592	99.74%
2010	154,473,330	2.000	308,946	303,515	98.24%
2011	156,762,920	2.000	313,526	313,473	99.98%
2012	143,549,454	2.000	287,099	285,387	99.40%
2013	145,603,771	2.000	291,208	290,483	99.75%
2014	141,586,905	2.000	283,174	283,145	99.99%
Estimate for the year ended December 31, 2015:					
2015	140,437,798	2.000	280,875		

NOTE:

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