
EL PASO COUNTY
EMERGENCY SERVICES AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2014

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RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 Sixteenth Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Board of Directors
El Paso County Emergency Services Authority
Colorado Springs, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the El Paso County Emergency Services Authority (the Authority) as of and for the nine-month period ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 from 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2014, and the changes in its financial position for the nine-month period ended December 31, 2014, 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 and budgetary comparison information on pages i - iv and 10, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RubinBrown LLP

October 21, 2015

EL PASO COUNTY EMERGENCY SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
PERIOD ENDED DECEMBER 31, 2014

EL PASO COUNTY EMERGENCY SERVICES AUTHORITY OVERVIEW

The El Paso County Emergency Services Authority (ESA) was established on June 24th, 2014 by an Intergovernmental Agreement (IGA) between the City of Fountain Colorado and El Paso County Colorado for the purpose of providing coordinated, quality ground emergency ambulance and other emergency medical services for the service area of the ESA for emergency and or 911 related services. It addresses the needs and concerns of citizens and visitors in the Pikes Peak Region and serves as an advisory board to the Board of County Commissioners and City Council.

During 2014, the ESA Board consisted of 12 voting members appointed jointly by the Board of County Commissioners and City Council. The County Commissioner Representative, Elected Official Representative from Fountain, Emergency Room Physician Representatives, and fire chief representatives were not subject to term limits. All other representatives were limited to two (2) two (2) year terms of service. The Board included elected officials from El Paso County, the City of Fountain, four representatives appointed by the Pikes Peak Fire Chiefs Forum, one Emergency Room Physician recommend by Penrose Hospital, one Emergency Room Physician recommended by Memorial Hospital, one El Paso County resident who is currently employed or has previously been employed as a certified EMT or paramedic, one Senior Citizen representative, one representative who is a resident of El Paso County and one Elected Official from another municipality in El Paso County. During 2014 two El Paso County employees were used to support the ESA, one acting in a business administrative role and the other providing formal contract administration oversight.

More information about the ESA can be found at www.esaboard.org.

GOALS FOR 2014

As a new entity formally established on June 24th 2014 with authority retroactive to April 1st 2014, the Authority's goals were primarily focused on establishing a new ambulance contract along with the creation and implementation of basic processes requisite to function. Negotiations of a new contract for ground ambulance services were finalized, approved and implemented retroactive to April 1st 2014 and processes such as record keeping, contractor performance tracking, meeting logistics and other basic processes were also quickly and successfully implemented.

FINANCIAL HIGHLIGHTS

This section of the Authority's annual financial reports presents our analysis of the Authority's financial performance during the reporting period of April 1st, 2014 ending

December 31, 2014. Please read it in conjunction with the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Please note; as 2014 was the startup year for this organization there was no year over year comparison data available.

- The Authority's starting period fund balance was \$0.00 and the ending fund balance was \$4,806 (100% increase).
 - The ESA Board has designated that once the board agrees that there are sufficient funds available and that operational expenses are met, that the remaining revenues received from assessments and interest may be used to fund its EMS grant program. This grant program will provide grants to Fire and Emergency Services agencies within El Paso County.
- During the period, the Authority's beginning revenue was \$0.00 and ending revenue was \$46,504 (100% increase) and beginning expenses were \$0.00 and ending expenses were \$41,698 (100% increase).
 - Operating revenue, in the form of the contract administration fee collected from the ambulance contractor were at \$40,000. Assessment revenues were \$6,441. Interest revenue was \$63.00. Excess assessment and interest revenues are utilized for grants once operational needs are satisfied.
 - Operating expenses were \$41,698, there were no grants distributed in 2014.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by governmental agencies. These statements offer short and long-term financial information about its activities.

Balance Sheet

The Balance Sheet provides information about the assets and liabilities. It also provides the basis for computing the overall net assets.

Statement of Revenues, Expenses and Changes in Fund Balance

This statement measures the results of the Authority's operation over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its fees and other charges.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Balance Sheet and the Statement of Revenues, Expenses and Changes in the Fund Balance reports information about the Authority's activities in a way that can help

answer whether the Authority’s overall financial position improved or deteriorated during the year. These two statements report the fund balance of the Authority and changes in them. The Authority’s fund balance (difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the Authority’s fund balance are one indicator that the Authority’s financial health is improving. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed government legislation.

As part of our analysis, we provide a summary of the Authority’s Balance Sheet as presented below.

Balance Sheet
December 31st, 2014

Please note; as 2014 was the startup year for this organization there was no year over year comparison data available.

	Dec 31, 2014
Assets	
Due from other governments	\$6,772
Assessments receivable	\$5,942
Total Assets	12,714
Liabilities	
Accounts Payable	\$7,908
Fund Balance	
Assigned	\$6,504
Unassigned	(\$1,698)
Total Fund Balance	\$4,806
Total Liabilities and Fund Balance	\$12,714

During 2014, all of the Authority’s funds were held by El Paso County. The County utilizes the pooled cash concept whereby cash balances of each of the entities’ funds are pooled and invested. This also represents the Authority’s balance in what otherwise would be called cash and cash equivalents. In addition, as revenue and expenses change month to month, the fund balance fluctuates in value.

Typically the Balance Sheet would show the change in financial position of the fund balance, and the Statement of Revenues, Expenses and Changes in Fund Balance would provide answers as to the nature and source of these changes, because this is the first year of this organization there is no historical data to compare the 2014 data to.

Condensed Statement of Revenues, Expenses and Changes in Fund Balance

	<u>Dec 31, 2014</u>
Total Revenues	<u>\$40,504</u>
Total Expenditures and Special Items	<u>41,698</u>
Change in Net Position	-4,806
Beginning Net Position	<u>-</u>
Ending Net Position	<u><u>\$4,806</u></u>

BUDGETARY HIGHLIGHTS

Budgets are adopted on a basis consistent with generally accepted accounting principles. The Authority budgets revenue and expenditures for its fund. There are no annual appropriations. All revenues, except for interest income, are budgeted via contract amounts from the ESA's contracted ambulance service, which is currently American Medical Response of Colorado, Inc. (AMR). Budget to actual statements are included in Supplementary Information in the audited financial statements.

CONTACT INFORMATION

Ted Sayer, Contract Business Administrator
El Paso County Emergency Services Authority
3275 Akers Drive
Colorado Springs, CO 80922
Phone: (719) 520-7654
Fax: (719) 520-7655
tedsayer@elpasoco.com

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EL PASO COUNTY EMERGENCY SERVICES AUTHORITY

BALANCE SHEET December 31, 2014

Assets

Due from other government	\$ 6,772
Assessments receivable	<u>5,942</u>
Total Assets	<u><u>\$ 12,714</u></u>

Current Liabilities

Accounts payable	<u>\$ 7,908</u>
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Fund Balance

Assigned (Note 4)	6,504
Unassigned	<u>(1,698)</u>
Total Fund Balance	<u>4,806</u>

Total Liabilities And Fund Balance	<u><u>\$ 12,714</u></u>
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EL PASO COUNTY EMERGENCY SERVICES AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Nine-Month Period Ended December 31, 2014**

Revenues

Contract fees (Note 2)	\$ 40,000
Assessments (Note 2)	6,441
Interest income (Note 1)	63
Total Revenues	<u>46,504</u>

Expenditures (Current)

Professional contract services	39,435
Professional fees	236
Insurance expense	1,865
Office administration	162
Total Expenditures	<u>41,698</u>

Change In Fund Balance 4,806

Fund Balance - Beginning Of Period —

Fund Balance - End Of Period \$ 4,806

EL PASO COUNTY EMERGENCY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. Summary Of Significant Accounting Policies

The financial statements of the El Paso County Emergency Services Authority (the Authority) have been prepared in accordance with generally accepted accounting principles (GAAP), which are applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Authority's significant accounting policies follows:

Reporting Entity

The Authority was established by an intergovernmental agreement between El Paso County, Colorado (the County) and the City of Fountain, Colorado (the City) on April 1, 2014, and amended on June 24, 2014. The Authority is governed by a 12-member volunteer Board made up of representatives from the El Paso County Board of County Commissioners (BoCC), the Fountain City Council, as well as representatives from the Pikes Peak Fire Chief's Forum, Memorial and Penrose Hospitals and other related professionals and citizens of the community. The Fire Chief's Forum appointees are subject to approval by BoCC and the Fountain City Council.

The Authority was established for the purpose of ensuring a coordinated, effective and efficient emergency management system, including the provision of ground emergency ambulance services through a contract effective April 1, 2014.

In evaluating the Authority as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Authority may be financially accountable and, as such, should be included within the Authority's financial statements. The Authority is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority. Additionally, the Authority is required to consider other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading.

EL PASO COUNTY EMERGENCY SERVICES AUTHORITY

Notes To Financial Statements (*Continued*)

The financial statements of the Authority consist only of the funds of the Authority. There are no legally separate organizations for which the governing officials of the Authority are financially accountable, or for which the nature and significance of their relationships with the Authority are such that the exclusion of the financial data would cause the Authority's financial statements to be misleading or incomplete.

Government-Wide And Fund Financial Statements

Proprietary and fiduciary funds do not exist within the Authority; therefore, such funds' statements were not produced. The Authority accounts for operations in a single government program; therefore, government-wide reconciling items do not exist.

Basis Of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority 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 the liability is incurred, as under accrual accounting.

Budgets

Budgets are adopted on a basis consistent with GAAP. The Authority budgets revenues and expenditures for its fund. There are no annual appropriations. All revenues, except for interest income, are budgeted via contract amounts from American Medical Response (AMR).

Due From Other Government/Cash And Cash Equivalents

The County uses the pooled cash concept, whereby cash balances of the County's funds are pooled and invested by the El Paso County Treasurer. The Authority's balances of such funds are disclosed under the heading, "Due from Other Government." This also represents the Authority's balance in what otherwise would be called cash and cash equivalents. The County pays the Authority interest on amounts held on behalf of the Authority.

**EL PASO COUNTY EMERGENCY
SERVICES AUTHORITY**

Notes To Financial Statements (*Continued*)

For the nine-month period ended December 31, 2014, interest income earned on the deposits with the County was \$63.

Capital Assets

The Authority capitalizes all expenditures for real and personal property with a cost in excess of \$5,000 and a useful life of more than 1 year. Purchases of real and personal property are recorded at cost and donated items are recorded at fair market value upon the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. The Authority does not have any capital assets at December 31, 2014.

Fund Balance

The Authority follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. A formal policy was not adopted defining fund balance classifications. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Directors, the Authority's highest level of decision-making authority. Committed fund balance may be modified or rescinded only through resolutions approved by the Board of Directors.

Assigned - includes amounts intended for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of Directors is authorized to assign fund balances.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

**EL PASO COUNTY EMERGENCY
SERVICES AUTHORITY**

Notes To Financial Statements (*Continued*)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Authority considers restricted funds to have been spent first. Although not included in a formal policy, the Authority considers decreases to fund balance to first reduce committed, then assigned and finally unassigned fund balances.

Management Estimates

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

2. Stewardship, Compliance And Accountability

American Medical Response Of Colorado, Inc. Contract - AMR

The Authority contracted on June 24, 2014 with AMR for exclusive rights to provide ground emergency ambulance services within the Authority's service area. The terms of the contract were effective July 1, 2014 through December 31, 2019. The contract is renewable for 5 annual renewal periods, for a period not to exceed 10 years. AMR shall reimburse the Authority \$80,000 annually for contract administration and oversight. Administrative fees were to be negotiated on an annual basis with AMR. Assessments are remitted to the Authority for any contract deficiencies.

For the nine-month period ended December 31, 2014, \$40,000 was reimbursed to the Authority for contract administration and oversight. The Authority also collected assessments on a monthly basis from AMR for contract deficiencies. For the nine-month period ended December 31, 2014, fines assessed to AMR were \$6,441.

3. Related-Party Transactions

The County provides financial services and employs the Authority Administrator to oversee the ambulance contract. There is no formal contract between the Authority and the County for these services. The total payments made to the County in the nine-month period ended December 31, 2014 was \$39,435. At December 31, 2014, the Authority owed the County \$7,908 for these services.

**EL PASO COUNTY EMERGENCY
SERVICES AUTHORITY**

Notes To Financial Statements (*Continued*)

4. Fund Balance

Funds received as penalties or assessments from AMR are used to provide funding for approved emergency medical services needs to participating agencies. Other nonsignatory agencies providing emergency medical services within the County can apply for funds; however, signatory agencies have first priority. The Board assigned \$6,504 at December 31, 2014 as grant funds.

5. Risk Of Loss

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters. The Authority carries commercial insurance for all risks of loss, including directors and officers and general liability policies. The Authority retains no risk of loss. There have been no settled claims that have exceeded commercial insurance coverage in the past nine months. There have been no significant reductions in insurance coverage.

6. Budgetary Information

The Authority was in excess of budgeted expenditures for the nine-month period ended December 31, 2014.

7. Subsequent Events

The AMR contract was amended on July 7, 2015 to add the City of Manitou Springs, Colorado, to the AMR service area. Changes to patient charges for mileage allowed in the original contract were also increased 2.3%, equal to the average of Denver-Boulder Area Consumer Price Index (CPI) Transportation Index effective January 1, 2015.

Required Supplementary Information

EL PASO COUNTY EMERGENCY SERVICES AUTHORITY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For The Nine-Month Period Ended December 31, 2014**

	Original Budget	Final Budget	December 31, 2014 Actual	Variance - Favorable (Unfavorable)
Revenues				
Contract fees	\$ 40,000	\$ 40,000	\$ 40,000	\$ —
Fines	—	—	6,441	6,441
Interest income	20	50	63	13
Total Revenues	40,020	40,050	46,504	6,454
Expenditures (Current)				
Professional contract services	25,000	30,000	39,435	(9,435)
Professional fees	7,000	—	236	(236)
Insurance expense	3,500	2,000	1,865	135
Office administration	500	500	162	338
Information services	300	300	—	300
Total Expenditures	36,300	32,800	41,698	(8,898)
Changes In Fund Balance	\$ 3,720	\$ 7,250	4,806	\$ (2,444)
Fund Balance - Beginning Of Period			—	
Fund Balance - End Of Period			\$ 4,806	

Notes:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.