

AUDITED FINANCIAL STATEMENTS

**JOHNSON COUNTY
AMBULANCE DISTRICT**

YEAR ENDED DECEMBER 31, 2018

Johnson County Ambulance District

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December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Johnson County Ambulance District
Warrensburg, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of Johnson County Ambulance District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District'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 the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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-modified cash basis of the governmental activities and each major fund of Johnson County Ambulance District as of December 31, 2018, and the respective changes in financial position-modified cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note A.

INDEPENDENT AUDITOR'S REPORT - CONT'D

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Disclaimer of Opinion Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County Ambulance District's basic financial statements. The budgetary comparison schedule on page 13, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of Johnson County Ambulance District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County Ambulance District's internal control over financial reporting and compliance.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County Ambulance District's basic financial statements. The schedule of expenditures on page 15, which is the responsibility of management, was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 schedule of disbursements is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note A.

Gillum and Gillum, CPA, LLC

June 14, 2019

Johnson County Ambulance District

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2018

| | <u>Governmental Activities</u> |
|---------------------|------------------------------------|
| ASSETS | |
| Cash--Note B | \$ 2,687,854 |
| Deposits--Note B | 748,725 |
| Investments--Note B | <u>441,923</u> |
| TOTAL ASSETS | <u>\$ 3,878,502</u> |

COMMITMENTS--NOTES D AND E

| | |
|---------------------------|---------------------|
| NET POSITION | |
| Restricted | \$ 441,923 |
| Unrestricted | <u>3,436,579</u> |
| TOTAL NET POSITION | <u>\$ 3,878,502</u> |

See notes to financial statements

Johnson County Ambulance District

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2018

| | <u>Expenses</u> | <u>Program Revenues Charges for Services</u> | <u>Net (Expenses) Revenues and Changes in Net Position</u> |
|----------------------------------|------------------|--|--|
| GOVERNMENTAL ACTIVITIES | | | |
| Emergency medical services | \$ 4,035,588 | \$ 2,725,992 | \$ (1,309,596) |
| Facility construction | 2,495,890 | - | (2,495,890) |
| Debt issue costs | 42,500 | - | (42,500) |
| Miscellaneous | 13,403 | - | (13,403) |
| TOTALS | <u>6,587,381</u> | <u>2,725,992</u> | <u>(3,861,389)</u> |
| GENERAL REVENUES | | | |
| Property taxes--Note C | | | 1,943,769 |
| Proceeds from lease purchase | | | 2,800,000 |
| Training fees | | | 35,954 |
| Interest | | | 52,679 |
| Miscellaneous | | | 24,190 |
| TOTAL GENERAL REVENUES | | | <u>4,856,592</u> |
| CHANGE IN NET POSITION | | | 995,203 |
| Net position, beginning of year | | | <u>2,883,299</u> |
| NET POSITION, END OF YEAR | | | <u>\$ 3,878,502</u> |

See notes to financial statements

Johnson County Ambulance District

GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS

December 31, 2018

| | <u>Major Funds</u> | | <u>Total</u> |
|---------------------|-------------------------|----------------------------------|---------------------|
| | <u>General Fund</u> | <u>Capital Projects Fund</u> | |
| ASSETS | | | |
| Cash--Note B | \$ 2,687,854 | \$ - | \$ 2,687,854 |
| Deposits--Note B | 748,725 | - | 748,725 |
| Investments--Note B | - | 441,923 | 441,923 |
| TOTAL ASSETS | <u>\$ 3,436,579</u> | <u>\$ 441,923</u> | <u>\$ 3,878,502</u> |

COMMITMENTS--NOTES D AND E

FUND BALANCE--NOTE G

| | | | |
|---------------------------|---------------------|-------------------|---------------------|
| Restricted | \$ - | \$ 441,923 | \$ 441,923 |
| Committed | 2,950,000 | - | 2,950,000 |
| Assigned | 10,422 | - | 10,422 |
| Unassigned | 476,157 | - | 476,157 |
| TOTAL FUND BALANCE | <u>\$ 3,436,579</u> | <u>\$ 441,923</u> | <u>\$ 3,878,502</u> |

See notes to financial statements

Johnson County Ambulance District

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**

For the Year Ended December 31, 2018

| | Major Funds | | Total |
|-----------------------------------|-------------------------|----------------------------------|---------------------|
| | General Fund | Capital Projects Fund | |
| REVENUES | | | |
| Property taxes--Note C | \$ 1,943,769 | \$ - | \$ 1,943,769 |
| Charges for services | 2,725,992 | - | 2,725,992 |
| Training fees | 35,954 | - | 35,954 |
| Interest income | 39,889 | 12,790 | 52,679 |
| Miscellaneous | 22,990 | 1,200 | 24,190 |
| | <u>4,768,594</u> | <u>13,990</u> | <u>4,782,584</u> |
| EXPENDITURES | | | |
| Human resources | 3,015,774 | - | 3,015,774 |
| Support services | 1,000,530 | - | 1,000,530 |
| Capital outlay | 143,107 | 2,372,067 | 2,515,174 |
| Debt issue costs | 42,500 | - | 42,500 |
| Miscellaneous | 13,403 | - | 13,403 |
| | <u>4,215,314</u> | <u>2,372,067</u> | <u>6,587,381</u> |
| REVENUES OVER EXPENDITURES | 553,280 | (2,358,077) | (1,804,797) |
| OTHER FINANCING SOURCES | | | |
| Proceeds from lease purchase | - | 2,800,000 | 2,800,000 |
| Fund balance, beginning of year | <u>2,883,299</u> | <u>-</u> | <u>2,883,299</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 3,436,579</u> | <u>\$ 441,923</u> | <u>\$ 3,878,502</u> |

See notes to financial statements

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Johnson County Ambulance District (the District) have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or, other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financially accountable means the primary government is accountable for the component unit and is able to impose its will, or the component unit provides financial benefits or imposes a financial burden on the primary government.

The District is a primary government, which is governed by an elected Board of Directors. The District has evaluated the above definition and has determined that no outside entities meet the criteria and, therefore, no entities have been included as component units in the District's financial statements.

Basis of Presentation: The District's basic financial statements consist of government-wide statements as well as fund financial statements. The government-wide statements (Statement of Net Position and Statement of Activities) display information about the government as a whole. Fund financial statements provide information at the fund level, with each fund considered a separate accounting entity.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities present summaries of the District's governmental activities.

The Statement of Net Position presents the financial condition of the District's governmental activities at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the District's activities. Program revenues include ambulance charges. Revenues that are not classified as program revenues, primarily property taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which the District is self-financing or draws from general revenues.

Fund Financial Statements: During the year the District segregates transactions into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The District has no non-major funds or fiduciary funds.

Fund Accounting: Accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. All funds are considered major funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The District's funds are as follows:

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Fund Accounting - continued

The General Fund is the principal fund of the District and accounts for all financial transactions not accounted for in other funds.

The Capital Projects Fund is used to account for lease purchase proceeds used in facilities construction.

Measurement Focus and Basis of Accounting: The term measurement focus is used to denote what is being measured and reported in the District's financial statements. The government-wide financial statements are presented using the flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net position and changes in net position, with the limitation of the modified cash basis of accounting. The fund financial statements are presented using the current financial resources measurement focus. Only current financial assets are generally included in the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. Fund balance is used as the measure of available spendable financial resources at the end of the period.

The term basis of accounting is used to determine when transactions are recorded regardless of the measurement focus applied. The District's policy is to prepare its financial statements on the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions, with the exception of deposits. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Cash and Deposits: Cash includes all demand and savings accounts. Deposits are certificates of deposit (stated at cost) whose original maturities are greater than three months.

Capital Assets: Capital assets are recorded as capital outlay expenditures upon acquisition.

Risk Management: The District has identified its significant risk areas, including property, liability, workers compensation, and errors and omissions liability, and has covered those risks with the purchase of commercial insurance.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Equity

Net Position: In the government-wide financial statements, net position may be displayed in the following two components:

Restricted net position: Net position with limitations placed on its use either by enabling legislation adopted by the District, or external restrictions imposed by creditors, grantors, donors, or laws and regulations of other governments. The District currently has no restricted net position.

Unrestricted net position: All remaining net position that does not meet the definition of "restricted."

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Equity - continued

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund balance: In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is classified within one of five categories:

Nonspendable: Funds that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted: Funds that are mandated for a specific purpose by external parties, such as grantors and contributors, or by state statute and other enabling legislation.

Committed: Funds that are set aside for a specific purpose determined by formal action of the District's highest level of decision making authority, the Board of Directors. Commitments are authorized by Board policy or resolution. A Board policy revision or a Board resolution is also required to modify or rescind the limitations placed on these funds.

Assigned: Funds that are set aside with the intent to be used for a specific purpose by the District's Board of Directors or the Administrator. These funds do not meet the criteria to be classified as restricted or committed.

Unassigned: Residual amount for the general fund, after allocations to the other four categories. This category provides spendable resources to meet unexpected expenditures and revenue shortfalls. It is the District's policy to maintain an unassigned general fund balance of not less than 20% of budgeted operating expenditures.

When both restricted and unrestricted resources are available for expenditure, restricted amounts are to be reduced first, unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, followed by assigned amounts and then unassigned amounts.

Subsequent events: Subsequent events have been evaluated through June 14, 2019, which is the date these financial statements were available to be issued.

NOTE B--CASH AND INVESTMENTS

Cash and Deposits - General Fund - Missouri statutes authorize the District to deposit in open accounts, certificates of deposit and United States Treasury obligations. At December 31, 2018, General Fund cash and deposits consisted of:

| | |
|-------------------------|---------------------|
| Checking and petty cash | \$ 318,841 |
| Money market accounts | 2,369,013 |
| Certificates of deposit | <u>748,725</u> |
| | <u>\$ 3,436,579</u> |

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE B--CASH AND DEPOSITS - CONT'D

Custodial credit risk is the risk that in the event of a bank failure, the District's bank deposits may not be returned to it. The District's policy is to follow Missouri statutes requiring all bank deposits to be insured or collateralized.

The District's General Fund bank balances were \$3,546,048 at December 31, 2018. Of that amount, \$2,274,936 was collateralized by securities held by the District's banks' agent in the District's name, and the remainder was covered by federal depository insurance.

Investments - Capital Projects Fund - At December 31, 2018, Capital Project Fund monies were held in an escrow account established to pay project construction costs. Unspent lease proceeds are invested in a money market mutual fund whose underlying investments are permitted investments under Missouri statutes, as required under the Escrow Agreement. The fund is rated AAAM by Standard & Poor's, and Aaa by Moody's.

NOTE C--TAXES AND TAX LEVY

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. Johnson County collects the property tax and remits it to the District.

The assessed valuation of the tangible taxable property for calendar year 2018 for the purposes of local taxation was:

| | |
|-------------------|----------------------|
| Real estate | \$496,822,679 |
| Personal property | <u>151,147,387</u> |
| | <u>\$647,970,066</u> |

The tax levy for real and personal property owners from Johnson County was assessed at \$.2934 for every \$100 of assessed valuation.

The receipts of current and delinquent property taxes during 2018 aggregated approximately 102.1 percent of the current assessment on the basis of the levy as shown above.

NOTE D--COMMITMENTS AND CONTINGENCIES

At December 31, 2018, the District's liability for accrued paid time off was \$103,591 based on pay rates in effect at that date.

At December 31, 2018, the District was obligated for approximately \$573,000 in remaining costs under contracts for construction of the new headquarters.

NOTE E--COMMITMENTS - LEASE PURCHASE

Long-term debt arising from cash transactions at December 31, 2018 consisted of the following:

| | |
|--|---------------------|
| Tax-exempt Lease Purchase Agreement | |
| Headquarters Facility, interest at 3.64% | |
| final payment, March 1, 2033 | <u>\$ 2,800,000</u> |

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE E-- COMMITMENTS - LEASE PURCHASE - CONT'D

The combined annual debt service requirements to maturity, including principal and interest, as of December 31, 2018 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|--------------------|-------------------|--------------------|
| 2019 | \$ 140,000 | \$ 99,372 | \$ 239,372 |
| 2020 | 150,000 | 94,094 | 244,094 |
| 2021 | 155,000 | 88,543 | 243,543 |
| 2022 | 160,000 | 82,810 | 242,810 |
| 2023 | 165,000 | 76,895 | 241,895 |
| 2024-2029 | 920,000 | 325,143 | 1,245,143 |
| 2030-2033 | <u>1,110,000</u> | <u>67,431</u> | <u>1,177,431</u> |
| | <u>\$2,800,000</u> | <u>\$ 834,288</u> | <u>\$3,634,288</u> |

The lease agreement is annually renewable, except that the District may choose to purchase the facility on March 1, 2026, or any rental payment date thereafter, upon payment in full of the remaining rental payments due, plus the then applicable purchase price of the improvements. Interest paid under the lease in 2018 was \$23,781.

NOTE F--PENSION PLAN

Plan description: Johnson County Ambulance District participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the express intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operation and administration of LAGERS is vested in the seven-member Board of Trustees. LAGERS issues a publicly available financial report, including financial statements and required supplementary information. That report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided: LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

| | <u>2018 Valuation</u> |
|----------------------|-----------------------|
| Benefit Multiplier | 1.50% |
| Final Average Salary | 5 years |
| Member Contributions | 4% |

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index, and is limited to 4% per year.

Johnson County Ambulance District

NOTES TO FINANCIAL STATEMENTS - CONT'D

NOTE F--PENSION PLAN - CONT'D

Employees covered by benefit terms: At June 30, 2018, the plan's fiscal year end, the following employees were covered by the benefit terms:

| | |
|---|-----------|
| Inactive employees/beneficiaries currently receiving benefits | 2 |
| Inactive employees entitled to but not yet receiving benefits | 12 |
| Active employees | <u>34</u> |
| Total | <u>48</u> |

Contributions: The District is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's full-time employees contribute 4% of their gross pay to the pension plan. Employer contribution rates were 3.5% of annual covered payroll. The District's contribution to LAGERS was \$70,649 for the plan's fiscal year ended June 30, 2018.

NOTE G--FUND BALANCE

At December 31, 2018, District fund balances are as follows:

Restricted: The balance of the Capital Projects Fund is restricted to pay facility construction costs.

Committed: Formally committed funds include \$1,000,000 in contingency reserves; \$600,000 for future construction of a new facility; \$900,000 for new ambulances; \$350,000 for new medical equipment; \$50,000 towards a line of duty death benefit fund, and \$50,000 for a health insurance benefit fund.

Assigned: Assigned funds are for capital outlay and an employee fund

Unassigned: Residual amount, after allocations to committed fund balance categories.

Johnson County Ambulance District

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For Year Ended December 31, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------------------|-------------------------|---------------------|-----------------|
| REVENUES | | | | |
| Property taxes | \$ 1,835,000 | \$ 1,942,798 | \$ 1,943,769 | \$ 971 |
| Charges for services | 2,665,000 | 2,676,190 | 2,725,992 | 49,802 |
| Training fees | 32,000 | 35,000 | 35,954 | 954 |
| Interest income | 10,000 | 48,000 | 39,889 | (8,111) |
| Miscellaneous | 2,600 | 22,811 | 22,990 | 179 |
| | <u>4,544,600</u> | <u>4,724,799</u> | <u>4,768,594</u> | <u>43,795</u> |
| EXPENDITURES | | | | |
| Human resources | 3,173,100 | 3,050,260 | 3,015,774 | 34,486 |
| Support services | 1,024,299 | 1,025,107 | 1,000,530 | 24,577 |
| Capital outlay | 736,000 | 148,056 | 143,107 | 4,949 |
| Debt issue costs | - | 45,940 | 42,500 | 3,440 |
| Miscellaneous | 16,250 | 15,310 | 13,403 | 1,907 |
| | <u>4,949,649</u> | <u>4,284,673</u> | <u>4,215,314</u> | <u>69,359</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (405,049) | 440,126 | 553,280 | 113,154 |
| Fund balance, beginning of year | | | <u>2,883,299</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 3,436,579</u> | |

Johnson County Ambulance District

NOTE TO BUDGETARY COMPARISON SCHEDULE

December 31, 2018

In accordance with Chapter 67, RSMo, the District adopts a complete annual operating budget. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Directors, the budget document is available for public inspection. On December 14, 2017, the budget was legally enacted by a vote of the Board of Directors.

Subsequent to its formal approval of the budget, the Board has the authority to make necessary adjustments to the budget by formal vote. Adjustments made during the year are reflected in the budgetary comparison schedule.

Johnson County Ambulance District

SCHEDULE OF EXPENDITURES - MODIFIED CASH BASIS - GENERAL FUND

For the Year Ended December 31, 2018

| | |
|---------------------------|----------------------------|
| Human resources | |
| Payroll and payroll taxes | \$ 2,387,561 |
| Fringe benefits | 628,213 |
| Support services | |
| Employee expenses | 115,454 |
| Fleet management | 331,713 |
| Insurance expense | 147,630 |
| Facility lease | 23,781 |
| Building and grounds | 66,071 |
| Utilities | 36,705 |
| Computers | 77,993 |
| Communications | 37,130 |
| General administration | 19,668 |
| User fee refunds | 30,516 |
| Professional services | 72,395 |
| Training | 19,847 |
| Special operations | 21,627 |
| Capital outlay | 143,107 |
| Debt issue costs | 42,500 |
| Miscellaneous | <u>13,403</u> |
| TOTAL EXPENDITURES | \$ <u>4,215,314</u> |

See independent auditor's report

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Johnson County Ambulance District
Warrensburg, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Johnson County Ambulance District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 14, 2019. The District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONT'D**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson County Ambulance District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gillum and Gillum, CPA, LLC

June 14, 2019