

**DIVIDE COUNTY AMBULANCE DISTRICT  
CROSBY, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Divide County Ambulance District  
Crosby, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of Divide County Ambulance District as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Divide County Ambulance 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 cash basis of accounting as described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for presentation 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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the Divide County Ambulance District, as of December 31, 2017 and 2016, and the respective changes in cash basis financial position, for the years then ended in accordance with the cash basis of accounting described in Note 1.

### **Basis of Accounting**

As discussed in Note 1, the Divide County Ambulance District prepares its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management discussion and analysis that the cash basis of accounting principles requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2018, on our consideration of the Divide 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 solely 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 the effectiveness of 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 the Divide County Ambulance District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**Minot, North Dakota**

June 6, 2018

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**STATEMENTS OF NET POSITION - CASH BASIS**  
**DECEMBER 31, 2017 AND 2016**

	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents	\$ 261,404	\$ 337,855
Noncurrent assets:		
Restricted cash and cash equivalents	82,769	36,778
Total assets	\$ 344,173	\$ 374,633
Net Position:		
Restricted	\$ 82,769	\$ 36,778
Unrestricted	261,404	337,855
Total net assets	\$ 344,173	\$ 374,633

SEE NOTES TO THE FINANCIAL STATEMENTS

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Operating Revenue:		
Mill levy	\$ 170,744	\$ 163,683
Grants	158,485	70,278
Reimbursements	190,181	265,055
Donations	3,910	4,533
Other	<u>5,000</u>	<u>1,719</u>
Total operating revenue	<u>528,320</u>	<u>505,268</u>
Operating expenses:		
Advertising	182	292
Ambulance management services and staffing	439,580	295,150
Employee education and training	4,357	34
Equipment	13,940	40,909
Fuel	8,127	9,476
Insurance	1,021	2,582
Licenses	1,698	-
Office expenses	1,059	1,316
Payroll expense	-	18,710
Professional fees	7,672	18,091
Radio expenses	15,600	879
Rent expense	17,100	16,100
Repairs and maintenance	6,332	1,576
Supplies	34,956	24,660
Utilities	5,618	4,819
Other	<u>1,555</u>	<u>549</u>
Total operating expenses	<u>558,797</u>	<u>435,143</u>
Net operating revenue (loss)	<u>(30,477)</u>	<u>70,125</u>
Nonoperating revenue (expenses)		
Interest income	<u>17</u>	<u>47</u>
Change in net position	(30,460)	70,172
Net position, beginning of year	<u>374,633</u>	<u>304,461</u>
Net position, end of year	<u>\$ 344,173</u>	<u>\$ 374,633</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of Divide County Ambulance District is presented to assist in understanding the District's financial statements.

The District reports as a business-type activity, as defined by the Governmental Accounting Standards Board (GASB). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

**Nature of Operations**

The Divide County Ambulance District (Ambulance District), Crosby, North Dakota, was established to provide ambulance services to rural areas surrounding the Crosby community. The Ambulance District operates under the North Dakota Department of Emergency Health Services and was established as a rural ambulance district under North Dakota Century Code 11-28.3.

**Reporting Entity**

For financial reporting purposes the Divide County Ambulance District, has included all funds. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Divide County Ambulance District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Divide County Ambulance District. Based on these criteria, there are no component units to be included within the Divide County Ambulance District as a reporting entity.

**Fund Accounting**

The Ambulance District uses fund accounting to report on its financial position and the results of its operations. The activities of the various funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, net position, revenues and expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions and activities.

The following fund type is used by the Ambulance District:

*Proprietary Fund Type*

The Proprietary Fund's measurement focus is upon determination of net income, financial position, and changes in financial position. These funds are used to account for activities that are similar to those found in the private sector. They are maintained on the cash basis of accounting.

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS-CONTINUED**  
**DECEMBER 31, 2017 AND 2016**

**Measurement Focus**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the business-type activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting, as defined below.

In the financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the cash basis of accounting, is used as appropriate:

The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets (whether current or non-current, financial, or non-financial) associated with their activities are reported on a cash basis. Proprietary fund equity is classified as net position.

**Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Ambulance District follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities, with the exception of those pronouncements that conflict with the cash basis of accounting.

The accounting policy of the Ambulance District is to maintain the accounting records on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Ambulance District does not maintain capital asset records for business-type activities. Since capital asset records are not maintained, depreciation is not recognized and recorded as an expense.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

When both restricted and unrestricted resources are available for use, it is the Ambulance District’s policy to use unrestricted resources first, and then restricted resources as they are needed.



**DIVIDE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS-CONTINUED**  
**DECEMBER 31, 2017 AND 2016**

**Cash and Cash Equivalents**

Cash and cash equivalents include funds on deposit in checking and savings accounts.

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents represents amounts set aside in an emergency medical sinking fund for the replacement of equipment and ambulances in accordance with North Dakota Century Code 11-28.3-09.

**Net Position**

Net position is classified and displayed in two components:

- Restricted net position – consists of cash that is restricted by state enabling legislation as described above in Restricted Cash and Cash Equivalents.
- Unrestricted net position – all other net position is reported in this category.

**Defining Operating Revenues and Expenses**

The Ambulance District distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Ambulance District consist of charges for services, grants related to operating the ambulance and donations given to support the ambulance and the costs of providing those services, including operating expenses directly related to the ambulance. All other revenues and expenses are reported as non-operating.

**Property Tax Calendar and Revenues**

The Ambulance District is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on January 1 based on assessed values at November 1. Property tax payments are due in two installments—February 15 and October 15. Taxes are considered delinquent after their due date and become a lien on the property at that time. Property taxes can only be delinquent for 3 years before foreclosure.

**NOTE 2 DEPOSITS**

**Custodial Credit Risk**

Custodial credit risk is the risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The Ambulance District does not have a formal policy for custodial credit risk for deposits.

State statutes require the market value of collateral pledge must equal 110% of the deposits covered by insurance or bonds.

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS-CONTINUED**  
**DECEMBER 31, 2017 AND 2016**

The Ambulance District maintains cash on deposit at a financial institution. The amounts on deposit were insured by the FDIC up to \$250,000. At December 31, 2017, the Ambulance District had approximately \$95,300 in excess of FDIC limit that was covered by pledged securities in the name of the Ambulance District.

**NOTE 3 GRANTS**

The Ambulance District participates in state grant programs, which are governed by various rules and regulations of the grantor agency. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Ambulance District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Ambulance District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE 4 OPERATING LEASES**

The District leases apartment and storage space on a month to month basis. Rent expense related to the leases totaled \$17,100 and \$16,100 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 5 SERVICE AGREEMENT**

The Ambulance District has entered into a service agreement with Ambulance Resources, LLC. Under the agreement, Ambulance Resources, LLC provides staffing of certified paramedics, emergency medical technicians, and CPR drivers to the Ambulance District in addition to providing administrative functions such as management and record keeping. All costs associated with the service agreement are included in the expense Ambulance management services and staffing in the Statements of Revenues, Expenses, and Changes in Net Position - Cash Basis.

**NOTE 6 RISK MANAGEMENT**

The Ambulance District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Ambulance District pays an annual premium to NDRIF for its general liability, governance liability, auto, and equipment insurance coverages. The coverage by NDRIF is limited to losses two million dollars per occurrence for general liability.

The Ambulance District also participates in the North Dakota Fire and Tornado Fund. The Ambulance District pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Ambulance District is not covered by the State Bonding Fund.

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS-CONTINUED**  
**DECEMBER 31, 2017 AND 2016**

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**NOTE 7 FUTURE GASB PRONOUNCEMENTS**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67 and No. 73*, provides further guidance regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends GASB Statements No. 67 and No. 68 to require the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, rather than the payroll of employees that are provided with pensions through the pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS-CONTINUED**  
**DECEMBER 31, 2017 AND 2016**

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Management has not yet determined the effect these statements will have on the Ambulance District's financial statements.

**NOTE 8 SUBSEQUENT EVENTS**

No subsequent events have occurred subsequent to the District's year end. Subsequent events have been evaluated through June 6, 2018, which is the date these financial statements were available to be issued



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**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  
Divide County Ambulance District  
Crosby, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards as applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the Divide County Ambulance District, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Divide County Ambulance District's basic financial statements and have issued our report thereon dated June 6, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Divide County Ambulance 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 Divide County Ambulance District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Divide County Ambulance 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2017-001 and 2017-002, which we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Divide County Ambulance District's financial statements are free from 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Divide County Ambulance District's Response to Findings**

The Divide County Ambulance District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Divide County Ambulance District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**Minot, North Dakota**

June 6, 2018

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**2017-001 - Auditor Preparation of Financial Statements – Material Weakness**

Criteria

An appropriate system of internal control requires the Ambulance District to determine that financial statements are properly stated in compliance with the cash basis of accounting. This requires the Ambulance District's personnel to maintain knowledge of current accounting principles and required financial statement disclosures.

Condition

The Ambulance District's personnel prepare periodic financial information for internal use that meets the needs of management and the board of directors. However, the Ambulance District does not have internal resources to prepare full-disclosure financial statements for external reporting.

Cause

The Ambulance District's internal controls have not been designed to address the specific training needs that are required of its personnel to obtain and maintain knowledge of current accounting principles and required financial statement disclosures.

Effect

An appropriate system of internal controls is not present to make a determination that financial statements and the related disclosures are fairly stated in compliance with the cash basis of accounting. However, the Ambulance District is aware of the deficiency and addresses it by reviewing and approving the completed statements prior to distribution to the end users.

Recommendation

We recommend that the Ambulance District reviews its current training system to determine if it is cost effective for the entity to obtain this knowledge internally. As a compensating control the Ambulance District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

Due to the financial, efficiency and time constraints, it has been determined by Divide County Ambulance District's management that it is in the best interest of Divide County Ambulance District and all interested parties to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

**DIVIDE COUNTY AMBULANCE DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**2017-002 - Segregation of Duties - Material Weakness**

Criteria

Generally, a system of internal control has the proper separation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Cause

Size and budget constraints limit the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The areas should be reviewed periodically and consideration given to improving the segregation of duties. Compensating controls over the underlying financial information may be obtained through oversight by management and the board.

Views of Responsible Officials and Planned Corrective Actions:

Due to the size of the Ambulance District, it is currently not cost effective for the Ambulance District to maintain the staff necessary to negate this finding. The Ambulance District will review again when it is determined to become cost effective.



**DIVIDE COUNTY AMBULANCE DISTRICT  
CORRECTIVE ACTION PLAN  
DECEMBER 31, 2017 AND 2016**

**2017-001**

Contact Person

Jody Gunlock, Board President

Corrective Action Plan

The Ambulance District will implement the plan when and if it becomes cost effective.

Completion Date

Not applicable.

**2017-002**

Contact Person

Jody Gunlock, Board President

Corrective Action Plan

The Ambulance District will implement the plan when and if it becomes cost effective.

Completion Date

Not applicable.