

FINANCIAL REPORT OF
HERMANN AREA AMBULANCE DISTRICT
DECEMBER 31, 2025



HERMANN AREA AMBULANCE DISTRICT
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1-3
Statement of Net Position – Modified Cash Basis – Governmental Activities	4
Statement of Activities Arising from Modified Cash Basis Transactions – Governmental Activities	5
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Fund Types	6
Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – Modified Cash Basis – Governmental Fund Types	7
Notes to Financial Statements.....	8-17
 SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund.....	18
 COMPLIANCE AND INTERNAL CONTROL:	
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 <i>Government Auditing Standards</i>	19-20
Schedule of Findings and Responses.....	21

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hermann Area Ambulance District
Hermann, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of Hermann Area Ambulance District (a special purpose governmental entity) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Hermann Area Ambulance District, as of December 31, 2025, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hermann Area Ambulance District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 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 opinion is not modified with respect to this matter.

20 South Fifth Street
Columbia, MO 65201
(573) 449-1599
Fax: (573) 443-8603
www.gkccpas.com

PARTNERS

Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Benjamin E. Carrier
Kaitlin M. Carrier

PARTNERS EMERITI

Robert A. Gerding
Fred W. Korte, Jr.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hermann Area Ambulance District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hermann Area Ambulance District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hermann Area Ambulance District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hermann Area Ambulance District's basic financial statements. The Budgetary Comparison Schedule – Modified Cash Basis – General Fund, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and 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 18, 2026, on our consideration of Hermann Area 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 Hermann Area Ambulance District's 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 Hermann Area Ambulance District's internal control over financial reporting and compliance.

June 18, 2026

Gerding, Korte & Chitwood

Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

**HERMANN AREA AMBULANCE DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

ASSETS:

Cash and equivalents	\$ 274,650
Certificates of deposit	580,752
Capital Assets:	
Land	13,650
Other capital assets, net of accumulated depreciation	726,790
Total Assets	<u>\$ 1,595,842</u>

NET POSITION:

Net position:	
Net investment in capital assets	740,440
Unrestricted	855,402
Total Net Position	<u>\$ 1,595,842</u>

See Accompanying Notes to the Financial Statements.

HERMANN AREA AMBULANCE DISTRICT
STATEMENT OF ACTIVITIES ARISING FROM MODIFIED
CASH BASIS TRANSACTIONS - GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenditures	Program Receipts			Net Expenditures and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Ambulance services	\$ (1,562,803)	\$ 702,417	\$ -	\$ -	\$ (860,386)
Capital outlay	(78,078)	-	-	-	(78,078)
Total Primary Government	<u><u>\$ (1,640,881)</u></u>	<u><u>\$ 702,417</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
General Revenues:					
					238,168
					545,346
					310,322
					24,166
					475
					26,026
					<u>1,144,503</u>
					206,039
					1,389,803
					<u>\$ 1,595,842</u>

See Accompanying Notes to the Financial Statements

**HERMANN AREA AMBULANCE DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES -
MODIFIED CASH BASIS
GOVERNMENTAL FUND TYPES
DECEMBER 31, 2025**

	<u>General Fund</u>
ASSETS:	
Cash and equivalents	\$ 274,650
Certificates of deposit	580,752
Total Assets	<u><u>\$ 855,402</u></u>
 Fund Balance:	
Fund balances:	
Unassigned	\$ 855,402
Total fund balances	<u><u>\$ 855,402</u></u>
 Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance	\$ 855,402
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in funds.	740,440
Net Position of governmental activities	<u><u>\$ 1,595,842</u></u>

See Accompanying Notes to the Financial Statements.

HERMANN AREA AMBULANCE DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>
REVENUES COLLECTED:	
Property taxes	\$ 238,168
Sales tax	545,346
Ambulance services	702,417
Grant income	310,322
Interest income	24,166
Miscellaneous income	26,026
Total Revenues Collected	<u>1,846,445</u>
EXPENDITURES PAID:	
Ambulance Services:	
Personnel Expense:	
Salary and wages	941,718
Retirement plan contributions	71,014
Employee benefits	94,373
Materials, Supplies, and Maintenance:	
Ambulance operations	3,332
Ambulance gas and repairs	18,262
Ambulance patient supplies	26,873
Ambulance communications	970
Billing support services	19,729
Dispatching	3,601
Small equipment	191
Uniforms	52,778
General and Administrative:	
Advertising	849
Building supplies and maintenance	4,870
Computer maintenance and supplies	12,732
Dues and memberships	1,903
Election expense	10,057
Insurance	68,466
Office supplies	31,641
Professional fees	117,374
Training and education expense	4,386
Utilities and telephone	25,387
Capital Outlay:	
Ambulance equipment	68,534
Furniture & Fixtures	9,544
Total Expenditures Paid	<u>1,588,584</u>
Deficit of revenues collected under expenditures paid	257,861
OTHER FINANCING SOURCES:	
Proceeds from the sale of capital assets	475
Total Other Financing Sources	<u>475</u>
NET CHANGES IN FUND BALANCES	258,336
Fund Balance, beginning of year	\$ 597,066
Fund Balance, end of year	<u>\$ 855,402</u>

**Amounts reported for governmental activities in the Statements of Activities
are different because:**

Net change in fund balance, above	\$ 258,336
Governmental funds report capital outlays as expenditures. However, in the Statements of Activities capital outlays are allocated over their estimated useful lives through depreciation expense.	
Capital asset purchases capitalized	78,078
Depreciation expense	(130,375)
Changes in net position of governmental activities	<u>\$ 206,039</u>

See Accompanying Notes to the Financial Statements.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Hermann Area Ambulance District (the “Ambulance District”) is a governmental entity located in Gasconade County, Missouri. The Ambulance District was formed on January 26, 1981 under the general and business corporation law of the State of Missouri, and the provisions of Chapter 349 of the Revised Statutes of Missouri (RSMo). The purpose of the Ambulance District is to provide emergency ambulance services to the residents of Gasconade, Warren, Montgomery, and Franklin counties in Missouri.

Reporting Entity

The Ambulance District, for financial purposes, includes all funds relevant to the operations of the Ambulance District. The criteria for including organizations within the Ambulance District’s reporting entity primarily include the degree of oversight responsibility maintained by the Ambulance District’s governing board. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and special financial relationships.

The Ambulance District has determined that no other outside agency meets the above criteria and therefore, no other agency has been included as a component unit in the Ambulance District’s financial statements. In addition, the Ambulance District is not aware of any entity which would result in the Ambulance District being considered a component unit of the entity.

Basis of Presentation

These financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. These statements report financial activities for the Ambulance District as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The Ambulance District presently has no fiduciary funds nor component units that are fiduciary in nature. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Ambulance District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The Ambulance District does not allocate indirect expenses to functions.

Fund Financial Statements:

The Fund Financial Statements are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three fund categories – governmental, proprietary, and fiduciary. The Ambulance District presently has no proprietary or fiduciary funds and its sole governmental fund is the General Fund.

Fund Accounting

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they must be used. The General Fund is used to account for all revenues and expenditures of the Ambulance District. It is required by law to operate in accordance with a formal budget. The Ambulance District maintains no other funds and the general fund is a major fund.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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:

The Government-Wide Financial Statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

The Fund Financial Statements are reported using the current financial resources measurement focus, within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting:

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position cash transactions that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction occurred. Such reported balances include investments and capital assets and related depreciation.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the Ambulance District utilized accounting principles generally accepted in the United States of America, the fund financial statements would use the modified accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Deposits and Investments

The Ambulance District's deposits consist of a checking and money market accounts and certificates of deposit. All deposits maintained by the Ambulance District are within the limits of FDIC insurance or pledged collateral. The Ambulance District does not have a formal deposit policy for custodial credit risk.

Missouri Statutes authorize the Ambulance District to invest in obligations of the U. S. Treasury, agencies, and instrumentalities; states, agencies, and political subdivisions thereof, mutual funds containing authorized securities; and securities of deposit of banks and savings and loans in Missouri. The Ambulance District currently does not have any investment securities, but does report its certificates of deposits as investments. The Ambulance District has not formally adopted any deposit or investment policies.

Capital Assets

The Ambulance District's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over capital assets depends on whether the assets are reported in the Government-Wide or Fund Financial Statements.

Government-Wide Financial Statements:

In the Government-Wide Financial Statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All purchased or constructed capital assets are valued at historical cost and donated capital assets are valued at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,500 is used to report capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The range of estimated useful lives by type of assets is as follows:

Buildings and improvements	10-39 years
Machinery, furniture, and equipment	3-10 years

Fund Financial Statements:

In the Fund Financial Statements, capital assets arising from cash transactions are accounted for as capital outlay expenditures upon acquisition.

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Ambulance District's taxpayers are reported as program revenues. The Ambulance District charges nonresident parties for public safety services and these revenues are reported as program revenues. All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Equity Classification

Government-Wide Financial Statements:

Equity is classified as net position in the Government-Wide Financial Statements. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Currently, the Ambulance District does not have any deferred outflows of resources or any deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restrictions as of December 31, 2025.
- c. Unrestricted net position – Remaining net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

Equity is classified as fund balance in the Fund Financial Statements and is presented based upon the following categories:

- a. Non-spendable – Amounts that cannot be spent because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action of Board ordinance or resolution. The Board of Directors is considered the Ambulance District's highest level of decision-making authority.
- d. Assigned – Amounts that are designated by the Board for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the Board of Directors.
- e. Unassigned – All amounts not included in other spendable classifications.

The Ambulance District currently does not have a policy regarding the order of spending funds when an expense is incurred for the purposes for which both restricted and unrestricted funds are available. Therefore, in accordance with GASB Statement No. 54, the flow of funds use the default assumption that prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Ambulance District considers committed funds to be expended first followed by assigned and then unassigned funds.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Ambulance District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the Ambulance District adopted the 2025 budget for the general fund at the August 2024 Board of Directors meeting.
2. Subsequent to formal approval of the budget, the Board of Directors has the authority to make necessary adjustments to the budget by formal vote of the Board.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget Basis of Accounting

The Ambulance District adopts annual operating budgets, prepared on a cash basis, for its governmental funds. Actual revenues and expenditures in the budgetary basis financial statements are also presented on the cash basis for meaningful comparisons of actual and planned activity. Adopted budgets may be amended by the Board of Directors to the extent necessary to fulfill the needs of the District. By state law, expenditures may not exceed budgeted amounts on a fund-by-fund basis. Unexpended appropriations lapse at the end of the fiscal year for the funds. The Ambulance District does not employ encumbrance accounting.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates reported in these financial statements include the estimated useful lives of capital assets. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Deposits:

At December 31, 2025, the carrying value of the Ambulance District's deposits was \$274,650, and the bank balance was \$312,001. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Ambulance District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U. S. Treasury, U. S. agencies or instrumentalities of the State of Missouri; bonds of any city having a population of not less than two thousand, county, school district or special road district of the State of Missouri; bonds of any state, tax anticipation notes issued by any first class county, or a surety bond having an aggregate value at least equal to the amount of the deposits. As of December 31, 2025, all of the Ambulance District's deposits were fully insured or collateralized.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments:

The Ambulance District may legally invest in direct obligations of, and other obligations guaranteed as to principal, by the U. S. Treasury and U. S. agencies and instrumentalities; obligations guaranteed by the full faith and credit of the State of Missouri; repurchase agreement, certificates of deposit; bankers acceptances; and commercial paper. Currently the Ambulance District considers the certificates of deposit to be investments. The Ambulance District has not formally adopted any deposit or investment policies.

The Ambulance District had the following deposits and investments:

Type	Fair Value
Demand deposits	\$ 274,650
Certificate of deposit (maturity 2/7/2025)	114,822
Certificate of deposit (maturity 5/7/2026)	208,217
Certificate of deposit (maturity 3/6/2026)	257,713
Total deposits and investments	<u>\$ 855,402</u>

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025
Capital assets not depreciated				
Land	\$ 13,650	\$ -	\$ -	\$ 13,650
Capital assets depreciated				
Building	641,284	-	-	641,284
Equipment	461,999	68,534	(18,927)	511,606
Vehicles	438,245	-	-	438,245
Furniture and equipment	-	9,544	-	9,544
Total capital assets	1,555,178	78,078	(18,927)	1,614,329
Less: Accumulated depreciation	(762,441)	(130,375)	18,927	(873,889)
Net capital assets	<u>\$ 792,737</u>	<u>\$ (52,297)</u>	<u>\$ -</u>	<u>\$ 740,440</u>

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4: PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. Franklin, Warren, Gasconade, and Montgomery counties will collect the property tax and remit them to the Ambulance District on a monthly basis.

The assessed valuation of the tangible taxable property for the calendar year 2025 (collected in 2025), for purposes of local taxation, for all counties was \$0.1295 per \$100 of assessed valuation. The 2025 assessed valuation was \$187,749,135.

NOTE 5: PENSION PLAN

Plan Description

Hermann Area Ambulance District participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P. O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Hermann Area Ambulance District's full-time employees do not contribute to the pension plan. The Ambulance District is required to contribute at an actuarially determined rate; the current rate is 12.4% (general) of annual covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Ambulance District were \$71,014, for the year ended December 31, 2025. The contribution requirements of plan members are determined by the governing body of the Ambulance District. The contribution provisions of the Ambulance District are established by state statute.

HERMANN AREA AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6: RISK MANAGEMENT

The Ambulance District's risk management activities include having insurance coverage for property, liability, and workers' compensation. Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year.

NOTE 7: COMMITMENTS

The Ambulance District has a contract for IT management services and pays a monthly fee of \$30 per computer. Expense related to this agreement for the year ended December 31, 2025 totaled \$5,581.

NOTE 8: SUBSEQUENT EVENTS

In August of 2025, the Board of Directors approved the purchase of a new ambulance in the amount of \$199,297. The ambulance is expected to be available in 2026.

Subsequent events have been evaluated through June 18, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HERMANN AREA AMBULANCE DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts			Variance with
	Original	Final	Actual	Final budget
REVENUES COLLECTED:				
Property taxes	\$ 215,000	\$ 215,750	\$ 238,168	\$ 22,418
Sales tax	510,000	500,000	545,346	45,346
Ambulance services & fees	432,000	719,717	702,417	(17,300)
Grants	-	221,626	310,322	88,696
Interest income	500	113,661	24,166	(89,495)
Miscellaneous income	2,250	12,250	26,026	13,776
Transfer of funds	-	(250,000)	-	250,000
Total Revenues Collected	1,159,750	1,533,004	1,846,445	313,441
EXPENDITURES PAID:				
Personnel Expenses:				
Salary and wages	845,200	984,225	941,718	(42,507)
Retirement plan contributions	55,000	68,500	71,014	2,514
Employee benefits	72,350	87,650	94,373	6,723
Ambulance operations	2,250	12,500	3,332	(9,168)
Ambulance gas and repairs	25,000	38,500	18,262	(20,238)
Ambulance patient supplies	23,500	25,000	26,873	1,873
Ambulance communications	500	14,000	970	(13,030)
Billing and support services	29,100	29,100	19,729	(9,371)
Dispatching	4,000	4,000	3,601	(399)
Small Equipment	500	500	191	(309)
Uniforms	5,000	60,000	52,778	(7,222)
General and Administrative:				
Advertising	1,100	1,250	849	(401)
Building supplies and maintenance	9,375	18,375	4,870	(13,505)
Community programs	2,750	3,250	-	(3,250)
Computer maintenance and supplies	19,650	21,400	12,732	(8,668)
Dues and memberships	3,000	3,500	1,903	(1,597)
Election expenses	7,000	10,100	10,057	(43)
Insurance	45,000	48,241	68,466	20,225
Office supplies	8,000	5,000	31,641	26,641
Professional fees	33,300	78,181	117,374	39,193
Training and education expenses	7,000	7,000	4,386	(2,614)
Utilities and telephone	22,350	25,375	25,387	12
Capital Outlay:				
Ambulance equipment	-	67,572	68,534	962
Vehicles	-	-	9,544	9,544
Total Expenditures Paid	1,220,925	1,613,219	1,588,584	(24,635)
Excess(deficit) of revenues collected over (under) expenditures paid	(61,175)	(80,215)	257,861	288,806
OTHER FINANCING SOURCES:				
Proceeds from the sale of capital assets	-	-	475	475
Total Other Financing Sources	-	-	475	475
NET CHANGES IN FUND BALANCES	(61,175)	(80,215)	258,336	\$ 338,551
Fund balance, beginning of year	597,066	597,066	597,066	
Fund balance, end of year	\$ 535,891	\$ 516,851	\$ 855,402	

COMPLIANCE
AND
INTERNAL CONTROL

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*

To the Board of Directors
Hermann Area Ambulance District
Hermann, Missouri

20 South Fifth Street
Columbia, MO 65201
(573) 449-1599
Fax: (573) 443-8603
www.gkccpas.com

We have audited, 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, the financial statements of the governmental activities and the major fund of Hermann Area Ambulance District as of and for the year ended December 31, 2025, 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 18, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hermann Area Ambulance District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Herman Area Ambulance District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hermann Area 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

PARTNERS
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Benjamin E. Carrier
Kaitlin M. Carrier

PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency:

- 2025-001 Segregation of Duties over Financial Reporting

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hermann Area 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 financial statements. 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 *Governmental Auditing Standards*.

Hermann Area Ambulance District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Hermann Area Ambulance District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Gerding, Korte & Chitwood

June 18, 2026

Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

HERMANN AREA AMBULANCE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

SECTION I: SIGNIFICANT DEFICIENCIES

Finding 2025-001: Segregation of Duties over Financial Reporting

Criteria: The objectives of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded and the financial statements are reliable. When the duties of one employee involve complete control over most, or all, aspects of an accounting cycle, without the involvement of other intervening employees, conflicts with the internal control objective may arise. This kind of conflict is generally referred to as a lack of segregation of duties.

Condition: Hermann Area Ambulance District has potential conflicts with personnel who have the ability to access, record, adjust and report financial activities.

Effect: Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Recommendation: To mitigate the risk resulting from the lack of segregation of duties we recommend that management diligently monitor the results of review procedures and consider periodic rotation of duties among accounting staff.

View of Responsible Official: We believe we have appropriate segregation of duties based on the amount of staff employed.

Official Responsible for Ensuring the Corrective Action Plan: Michael Mueller, Administrator

Planned Completion Date for the Corrective Action Plan: Hermann Area Ambulance District will continue to work on implementing additional internal control procedures on an on-going basis.