

MEETING OF THE TRINIDAD AMBULANCE DISTRICT
BOARD OF DIRECTORS

DATE: December 10, 2008

Present: Alex Abeyta, Liz Aragon, Jeanie Hollon, & Rick Johnson

Other Guests: Brandon Chambers, TAD Executive Director
Dodge Shelby, Attorney
Jason Palmer, TAD Operations Manager
Dominic Verquer, TAD QRT Coordinator

SUBJECT

DISCUSSION

Call to Order	Meeting was called to order at 4:05 pm by Jeanie Hollon.
Proof of Notice	Notices were posted at the Trinidad Ambulance District Office, Las Animas County Courthouse, Trinidad Times Independent and the Chronicle News.
Proof of Quorum	There was a quorum. (Jeannie Hollon stated that there were four board members present with the exception of Kelli Smith who will not be present at this meeting.)
Approval of Minutes	Minutes for November 19, 2008 board meeting were approved with the exception of one change. In the Budget Hearing segment on Page 1, it states "Brandon states that the county has projected \$691,540,840.00 for the 2009 budget year", which is incorrect. The correct statement should read, "Brandon states that the county has projected \$691,540,840.00 for the 2009 assessed evaluation". Motion made by Alex Abeyta and seconded by Liz Aragon to except the minutes with the correction to the 1 st page. All yes, motion passed unanimously. When correction is made Jeanie Hollon said she will come in and sign.
Financials	Brandon and Mr. Dixon were working on the 2007 audit report so he invited Mr. Dixon to discuss this topic in a formal format. Lengthy Discussion: Mr. Dixon states that normally doing an audit he does an exit with management and board of directors to clean up and to answer questions regarding the 2007 audit and financial statements. The continued clean up of the accounts receivable that was inherited by Brandon who has worked very hard on. The hiring of a 3 rd party after difficulties he had in the past couple of years. Suffice to say, there was identification in accounts receivable that was never going to be collected on that should be sent to collections. Out of \$860,000.00 of accounts receivable that were sitting on the books at the end of the year, 584,000.00 was sent to collections January '08. An analysis of what's collectible and what's not of the \$566,000.00 had to be done. \$300,000.00 of receivables had a possibility of collection. This of course depends on what is usually collected including Medicare, Medicaid, commercial insurances, private pay, when will it come in,

how long will it take, and what gets written off. About 70% of receivables are not collectible which means you only get about 30% of this. At the end of the year you show \$96,000.00 of receivables in your financial statement but at that time this made up of \$86,000.00 of all these old receivables and about \$700,000 of allowance for uncollectible. \$500,000.00 got sent away and \$216,000.00 was estimated uncollectible of the \$300,000.00 on the books. Mr. Dixon believes that going forward it will be cleaned up and the numbers will not get that high.

Continued Discussion: Management is required to make significant estimates in financial statements including how much will be collected out of all receivables, has good accounting policies in place, and uses good information to make the estimates to come up with reasonable financial information for purposes of the auditor. Changes in the way you do business due to the Mill Levy certification passed in the November election will now take place. Due to a larger area you will be assessed more amounts of property taxes. This is a result from around \$50,000.00 to \$80,000.00 to approximately \$200,500.00. Also, a minor deal is the lease of 2 vehicles for \$27,500 a piece equaling \$65,000. We had difficulty getting the analization schedules and terms that were showing in the original agreement didn't work out so for purposes of the financial statement we used the actual cost of the vehicles, payment made on each, and the interest that was indicated and came up with an analyzation schedule for the financial statement that may or may not look exactly like the one in the file but it's materially correct and appropriately represents the debt that you had at the time frame for the 2 ambulances, pay off period, and amounts and should reflect enough for the financial statements. High level financial information you had \$514,000 net assets at the end of the year. \$3,600 of that is restricted for tabor which is a % based on the property tax calculation. \$186,000 was sitting in a CD for capital replacement. So, at the end 2007 you had about \$145,000 of net assets unrestricted, available for any type use. A loss in 2007 of \$230,000.00, however, there was a positive cash flow in operations because there were bad debts written off of about \$350,000 last year. Your operations really had a negative cash flow of \$146,000. You brought in \$852,000 between ambulance and carevan but you paid \$998,000 in salary benefits and vendors so the actual cash flow deficit of operations was \$146,000. Then you will have property taxes, revenues, grants, and interest that made up \$215,000. So, you actually had a positive cash flow of \$55,000 at the end of the year.

Discussion: There were about 8 new standards implemented last year called risk based standards. We are to analyze risk, document risk, and set audit procedures in place that would be appropriate so that we can obtain sufficient and appropriate audit evidence to support the financial statement and our opinion on those financial statements. So we adopted and adhered to those standards in determining what risks this entity would be. At the end of the audit we need to communicate with those charged with governess (new term for the board). We have an engagement letter in place that sets out our responsibilities and managements responsibilities in a audit process. It talks about the timing of scope which was met due to they were not restricted as to what they can look at. Management is required to ser up accounting policies which are appropriated for this entity, and

are required to make disclosures in the financial statements. We did not encounter any difficulties. One of the standard requirements is that we give you a letter if there were significant deficiencies in the analysis. There were none, only a minor adjustment. The Budget to Actual analysis is probably of the most interest to you. This is what came through the door compared to what you believed came thru the door. The current year aspect was \$653,000 that came in for ambulance and carevan in cash collections. Salaries and benefits are the most significant expense which is to be expected. So, the operating loss in cash basis was \$368,000. You actually had a net loss in a cash flow basis for the year of about \$166,000. Your cash increase of \$208,000 at the beginning of the year to \$264,000 at the end of the year on the \$55,000 net increase in cash. Brandon now gives his financial report for November. Discussion: Ambulance accounts receivables are \$84,000, which is about \$25,000 more than what was budgeted. Carevan is around \$13,000 to \$14,000. Brandon asked the board what format they liked, the year to date which shows the budget comparison, or the monthly. The board states they like both formats. No major capital expenditures, wages stayed the same which was around \$74,000 and no substantial purchases for the month of November. The year to date shows January through November of 2008 we are at 105% of our accounts receivables which means we are slightly over what was projected. We have exceeded our budgetary collections for the year by about \$2000 over our \$680,000 that was budgeted as of December 19th, 2008. Carevan has been running consistently above the numbers at 129.8% for year to date. Total Accounts Receivables year to date is \$2,498,792.35, were at 107.7%. Discussion: Jeannie asks about the line item "other accounts receivable" of \$14,179. Brandon states this is for stand-by's, interest, and miscellaneous. Ambulance supplies are at 94%, vehicle 89.3% and total operations at 84.9% of what was budgeted year to date through November. Computer expenses are over by 10.6%. We budgeted for 10,000 and spent 10,135.82 meaning we are over budget by \$135.82. Capital expenses were budgeted at \$500,000 and \$407,932.20 is what we purchased year to date. An example of this is we received 2 life packs that can't be updated but was planned to occur this year. What are not in there are the copier, Alltel (Cell Phones), Peak Motor Coach, Physio Control, Tough Books (Computer Programming), Highplains, and the \$228,600 for the 2 ambulances that were purchased. Discussion: Jeanie asked if the price on the ambulances really go up \$17,000 in 4 or 5 months. We paid \$97,300 in July and then in October we paid much around \$114,000. Brandon states he got a deal on the \$97,000 ambulance due to the fact that the dealer built the ambulance for somebody else who did not pick it up afterwards. The vehicle was just sitting there. If we accepted the ambulance as is we would get a discount. Due to the ambulance being so close to specification we went ahead and purchased the vehicle. The cost of vehicles at the ambulance industry side has gone up substantially. They even had to at the state level adjust reimbursement as a result of this. We got a good deal. The Reserve contingency fund was for the \$5000 fee for the needs assessment. The \$1000 construction reserve was the earnest money that was paid. Uniforms were at 73%, general operations are at

65.1%. Wages are at \$770,000 thru November. We budgeted \$1,131,920.52, and are now at 74.2% of what was budgeted. Overtime is over budget due to staffing issues, and call volume. Legal services are slightly in line at 95.6% of the budget. Billing services is slightly higher than what was expected but were collecting accordingly. Insurance fees are 75.8% and professional services are 91.9%. Total year to date, January of '08 through November of '08 we have spent 1.6 million dollars, we budgeted 2.2 million dollars. Were at 73.1% of what we budgeted and our total budget would have been 2.4 million by the end of December. Total revenue in checking account is \$7000, savings is \$95,000, money market account is \$919,000 and petty cash is \$300. Year to date were at 122% of what was budgeted. Brandon would like to purchase a human resource program for the new laptops that the EMT's are using. Brandon asked the board if he needs to make multiple copies of the bank statements. The board said 1 copy would be sufficient. Motion to accept the financials made by Liz Aragon and seconded by Rick Johnson. Motion passed unanimously.

Billing Reports

Total accounts receivable for ambulance was \$689,000. Starting in January as eluded we trended up. We did a \$700,000 write off as Mr. Dixon discussed. There will also be a Medicare bad debt adjustment around \$200,000. \$792,000 in patient adjustments has been done. The Pro-Form of budget for year to date is 1.7 million dollars for accounts receivable. If we make adjustments on the monthly fees of \$792,000 plus \$200,000 bad debt plus all the outstanding this will push us to the 1 million dollar write off. Carevan was \$19,302 collected in month of November. Accounts receivable is \$5925.32. With carevan we do very few patients' that do not qualify for the service. Motion to accept the billing reports was made by Rick Johnson and seconded by Liz Aragon. Motion passed unanimously.

Public Comments

None.

Other Agenda Items

Brandon would like to discuss a couple of items. 1 was the financials which was previously discussed. The 2nd was the 2 old ambulances that have been sitting here and not in use. They were put out to bid and have already received an offer of \$2000 to \$3000 on 1. Computers are up and running and Jason is in the process of training employees. The main item we need to discuss is the budget. Discussion: We had the budget hearing at the last meeting which was approved based on assessed evaluations. The final approval came out that our Mill Levy was \$676,021,000. Brandon states in the 2009 fiscal year we will see a drop in our certification. Jeanie said we will see a drop but we will be well on our way to be in maintenance mode on our capital expenditures with purchasing ambulances. Right now, we have half a million sitting for capital expenditures for the purchase of 1 ambulance and 4 to 5 SUV's. We will also have a monitor update and the construction reserve will be around \$250,000. Our Mill will be set at 2.767 or do we take the temporary deduction and stay at 2.5. There was a lengthy discussion among the board members and Brandon regarding this topic. At this time the Mill

Levy was tabled for now and will discuss after the executive session. Jeanie Hollon brought up the next meeting date which is January 21st, 2008 at 4:00pm. Motion to accept the agenda items was made by Liz Aragon and seconded by Alex Abeyta. Motion passed unanimously.

Executive Session

Dodger Shelby, council for the district states they are not recording this portion of the executive session because it has to do with attorney client privileged information. Jeanie Hollon asked if there was a motion to go into executive session. Rick Johnson made the motion to go into executive session and cited C.R.S. 24-6-402 subsection 4, 1, 2, & 6, for contract negotiations, legal advice and personnel matters. Liz Aragon seconded the motion. All yes, motion passed unanimously. Board went into executive session at 5:16 p.m.

Regular Session

Board came out of executive session at 5:37 p.m. Jeannie states there are 2 more items to vote on before adjournment. 1. To set Mill Levy for the budget. Motion made to accept the Mill Levy at 2.767 by Liz Aragon and seconded by Jeannie Hollon. Motion passed unanimously. All agreed that this was a hard decision to make. 2. Need motion to authorize Dodger Shelby to sign the buy/sell contract on behalf of the board of directors. Motion made by Alex Abeyta, seconded by Rick Johnson. Motion passed unanimously. Discussion: Liz asked if this is not a conflict of interest due to he is writing and signing the contract. Dodger states that he doesn't precede it to be. States he talked to a colleague of his about getting the fee that a real estate broker would get if he acts as a broker who stated he cannot get that fee. He is not getting a commission on this contract so he does not see any kind of conflict in that sense. The bottom line is he is going to sign the contract on behalf of the board if the board authorizes it, obtain the check from Brandon and then present it. In terms of timing, he can simply revise the contract, next day mail it so you have it on Friday. Jeannie and Liz can sign and have the contract and the check to Ed Trommeter. He states he does not see any kind of conflict. Rick following up on Liz's comment: states that had he prepared the contract there would be no commission owed to Cedar Crest Properties or Rick Johnson. Said that something should be on the record that no commission will be awarded or due to the representative of the Trinidad Ambulance District. Dodger agrees with this statement. Jeannie states that this resends the previous vote to have Dodge sign the contract. Brandon asked the board if he can purchase another carevan. Said he purchased 2 in 2007, and finalized the payment in 2008. Motion made to allow Brandon to purchase 1 carevan. Motion made to authorize Brandon to purchase 1 carevan by Rick Johnson and seconded by Liz Aragon. Motion passed unanimously. Motion made by Alex Abeyta to adjourn at 5:45 p.m. and seconded by Rick Johnson. All yes.

The minutes for Dec. 10th, 2008 were respectfully submitted by April Martinez on December 31st, 2008.

Minutes Approved by Trinidad Ambulance District Board.

Jeanie Hollon

Jeanie Hollon, President of the Board of Directors

12/10/2008

Date