

cPa DIXON, WALLER & CO., INC.

TRINIDAD AMBULANCE DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2019

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

TRINIDAD AMBULANCE DISTRICT

TRINIDAD, COLORADO

DECEMBER 31, 2019

PAGE

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report----- 1-2

Management's Discussion and Analysis----- i-iv

BASIC FINANCIAL STATEMENTS

Statement of Net Position ----- 3

Statement of Revenues, Expenses, and Changes
In Net Position ----- 4

Statement of Cash Flows ----- 5

Notes to Basic Financial Statements----- 6-13

Supplemental Information

Schedule of Revenues and Expenses -- Budget (Non-GAAP) and Actual ----- 14

FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors
Trinidad Ambulance District
Trinidad, Colorado 81082

We have audited the accompanying financial statements of the business-type activities of Trinidad Ambulance District as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Trinidad Ambulance District as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trinidad Ambulance District's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Simon, Waller & Co., Inc.

June 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Trinidad Ambulance District's (TAD) financial performance provides an overview of TAD's financial activities for the year 2019. It should be read with the accompanying financial statements of Trinidad Ambulance District.

The Trinidad Ambulance District's financial information derived from government-wide financial statements includes comparison of the years 2018 & 2019. .

FINANCIAL HIGHLIGHTS

- TAD's net position as the end of 2018 was \$5,797,976 compared to \$5,712,254 in 2019.
- TAD purchased equipment totaling \$23,510, vehicles costing \$133,558, and medical equipment in the amount of \$54,139.
- Operating expenses decreased by approximately \$98,594.
- Total liabilities decreased by \$23,829 in 2019.
- Bad debt of \$374,026 was written off against operations.

USING THIS ANNUAL REPORT

Trinidad Ambulance District's financial statements consist of three statements. 1. Statement of net position, 2. Statement of revenues, expenses and changes in net position and, 3. A statement of cash flows. These statements provide information about the activities of Trinidad Ambulance District including resources held by TAD but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. TAD is accounted for as a business-type activity and presents its financial statements using the accrual basis of accounting.

STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

One of the most important questions to ask about Trinidad Ambulance District's finances is, "Is TAD as a whole, in a better financial position as a result of the year's activities?" The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position report information about Trinidad Ambulance District's resources and its activities helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes to it. You can think of TAD's net position (the difference between assets, liabilities, and deferred flows) as one way to measure its financial health, or financial position. Over time, increases or decreases in TAD's net position are one indicator of whether its financial health is improving or deteriorating. You will also need to consider other non-financial factors, such as changes in TAD's call volume base and measures of the quality of

service it provides to the community, as well as local economic factors to assess the overall health of Trinidad Ambulance District.

THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from operations, investing, non-capital financing and capital and related financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

TRINIDAD AMBULANCE DISTRICT NET POSITION

Trinidad Ambulance District's net position is the difference between its assets, liabilities, and deferred flows reported in the Statement of Net Position. TAD's net position decreased in the 2019 year by \$85,722.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table provides a condensed summary comparative financial information of the Trinidad Ambulance District net position and activities for December 31, 2018 and December 31, 2019.

NET POSITION

	2018	2019
ASSETS		
Current and Other Assets	\$ 2,506,436	\$ 2,525,485
Cash-Board Designated for Building	2,000,000	2,000,000
Capital Assets, Net	2,394,968	2,290,329
Total Assets	6,901,404	6,815,814
LIABILITIES		
Accounts Payable	142,097	118,268
Total Liabilities	142,097	118,268
DEFERRED INFLOWS	961,331	985,292
NET POSITION		
Net Investment in Capital Assets	2,394,968	2,290,329
Restricted	78,700	75,000
Unrestricted	3,324,308	3,346,925
Total Net Position	\$ 5,797,976	\$ 5,712,254

The District's Net Position was \$5,712,254 at December 31, 2019. The following table shows revenues and expenses (Changes in Net Position) for the District.

CHANGES IN NET POSITION

	2018	2019
Revenues:		
Operating Revenues:		
Charges for Services	\$ 933,703	\$ 935,262
Operating Capital Grants & Contributions	143,644	6,189
General Revenues:		
Property Taxes	1,114,366	1,144,003
Intergovernmental	-	-
Other Revenues	30,060	19,526
Investment Earnings	17,536	23,202
Total Revenues	<u>2,239,309</u>	<u>2,128,182</u>
Expenses:		
Operating Expenses	2,021,345	1,903,099
Depreciation	290,811	310,805
Total Expenses	<u>2,312,156</u>	<u>2,213,904</u>
Increase (Decrease) in Net Position	(72,847)	(85,722)
Prior Period Adjustment	-	-
Net Position - January 1	<u>5,870,823</u>	<u>5,797,976</u>
Net Position - December 31	<u>\$ 5,797,976</u>	<u>\$ 5,712,254</u>

REVENUE

The District's revenue decreased in 2019 to \$2,128,182, a decrease of \$111,127 from 2018.

EXPENSES

TAD's expenses decreased to \$2,213,904 or \$98,252 less than 2018.

BUDGETARY HIGHLIGHTS

The 2019 appropriation resolution totaled \$2,680,285, a decrease of \$15,200 under 2018. Revenue totals were \$556,499 less than the approved 2019 budget. Expenditure totals were \$691,761 under the approved 2019 budget.

CAPITAL ASSETS

At the end of 2019, the District had \$5,009,889 in a broad range of capital assets. This amount represents a net increase (including additions and deletions) of \$133,836 from 2018. A summary of changes in TAD's capital assets is as follows:

CAPITAL ASSETS Net of Accumulated Depreciation

	<u>2018</u>	<u>2019</u>
Land	\$ 404,420	\$ 404,420
Building	1,394,585	1,394,585
Construction in Progress	-	-
Equipment & Vehicles	<u>3,077,048</u>	<u>3,210,884</u>
	4,876,857	5,009,889
Accumulated Depreciation	<u>2,481,085</u>	<u>2,719,560</u>
Total Net Capital Assets	\$ <u>2,394,968</u>	\$ <u>2,290,329</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Property taxes are budgeted for approximately \$1,006,442 which was a slight increase compared to \$961,331 in 2019.
- Total revenues including net fees for services and taxes are budgeted for approximately \$1,469,600.
- Total expenditures are budgeted at \$2,635,785 with \$305,000 budgeted for Capital Outlay.

CONTACTING THE TRINIDAD AMBULANCE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, supplies, creditors and citizens with a general overview of TAD's finances and accountability for the money it receives. If you have any questions about this report or need additional information, contact the EMS Chief at Trinidad Ambulance District, 939 Robinson Avenue, Trinidad, CO 81082.

BASIC FINANCIAL STATEMENTS

TRINIDAD AMBULANCE DISTRICT
STATEMENT OF NET POSITION
December 31, 2019

ASSETS

Current Assets

Cash	1,277,313
Property Tax Receivable	985,292
Grant Receivable	-
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$355,000)	208,825
Inventory - Medical Supplies	54,055
<u>Total Current Assets</u>	<u>2,525,485</u>

Cash – Board Designated for Building	<u>2,000,000</u>
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Property and Equipment

Land	404,420
Equipment	280,435
Vehicles	2,004,167
Radio Equipment	164,399
Medical Equipment	761,883
Furniture and Fixtures	51,628
Building	<u>1,342,957</u>

Accumulated Depreciation	<u>(2,719,560)</u>
<u>Net Property and Equipment</u>	<u>2,290,329</u>

<u>TOTAL ASSETS</u>	<u>6,815,814</u>
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<u>DEFERRED OUTFLOW OF RESOURCES</u>	<u>-</u>
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LIABILITIES

Current Liabilities

Accounts Payable	30,053
Accrued Salaries and Benefits	48,032
Accrued Vacation Payable	40,183
<u>Total Liabilities</u>	<u>118,268</u>

DEFERRED INFLOW OF RESOURCES

Property Tax	<u>985,292</u>
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NET POSITION

Net Investment in Capital Assets	2,290,329
Restricted:	
Reserve for Emergency	75,000
Unrestricted	<u>3,346,925</u>

<u>TOTAL NET POSITION</u>	<u>5,712,254</u>
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The accompanying notes are an integral part of these financial statements.

TRINIDAD AMBULANCE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2019

OPERATING REVENUES

Charges for Services (net of bad debts of \$374,026) 935,262

OPERATING EXPENSES

Salaries and Benefits	1,265,028
Gas, Oil and Parts	66,489
Repairs and Maintenance	43,157
Medical Supplies	70,439
Medical Direction Fees	16,549
Public Relations	12,209
Computer Expenses	9,017
Communications/Radio	4,258
Travel and Transportation	29,454
Insurance	72,926
Legal, Accounting and Audit Fees	28,498
Office Supplies and Expense	23,575
Telephone	31,083
Training and Education, QRT	23,000
Utilities	63,469
Uniforms and Laundry	22,101
Other General and Administrative	14,422
Rent or Lease Expense	21,595
Billing Services	12,422
Contract Services	51,590
Depreciation	3,000
<u>Total Operating Expenses</u>	<u>310,805</u>
	<u>2,195,086</u>

OPERATING LOSS (1,259,824)

Non-Operating Revenue (Expense)

Property Tax	946,451
Ownership Tax	197,552
Insurance, Other Recoveries	8,571
Interest Income	23,202
Treasurers Fee	(18,818)
Grants	6,189
Other	10,955
	<u>1,174,102</u>

INCREASE (DECREASE) IN NET POSITION (85,722)

NET POSITION, Beginning 5,797,976

NET POSITION, Ending 5,712,254

The accompanying notes are an integral part of these financial statements.

TRINIDAD AMBULANCE DISTRICT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

<u>Cash Flows from Operating Activities</u>	
Receipts for Services	921,279
Payments to Employees – Salaries and Benefits	(1,269,539)
Payments to Vendors	(638,899)
<u>Net Cash Provided by (Used for) Operating Activities</u>	<u>(987,159)</u>
<u>Cash Flows from Capital & Related Financing Activities</u>	
Grant	6,189
Proceeds - Sale of Property and Equipment	9,350
Acquisition of Property and Equipment	(83,607)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(68,068)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Property Tax Receipts, Net of Fees	927,633
Ownership Tax Receipts	197,552
Intergovernmental Agreements, Grants	44,814
Other, Including Insurance Proceeds	15,217
<u>Net Cash Provided by Non-Capital Financing Activities</u>	<u>1,185,216</u>
<u>Cash Flows from Investing Activities</u>	
Interest	23,202
<u>Net Increase (Decrease) in Cash</u>	<u>153,191</u>
<u>Cash - Beginning of Year</u>	<u>3,124,122</u>
<u>Cash - End of Year</u>	<u>3,277,313</u>
<u>Reconciliation of Cash Flows from Operating Activities</u>	
Operating Income (Loss)	(1,259,824)
Adjustments to Reconcile:	
Depreciation	310,805
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(13,983)
(Increase) Decrease in Inventory	(328)
Increase (Decrease) in Accounts Payable	(19,318)
Increase (Decrease) in Accrued Salaries, Vacation and Benefits	(4,511)
<u>Net Cash Provided (Used) by Operations</u>	<u>(987,159)</u>
<u>Supplemental Cash Flow Information</u>	
Non-Cash Asset Acquisition Using Prior Year Deposit	127,800
Cash Paid for Income Tax	-
Cash Paid for Interest	-
<u>Reconciliation of Cash to Statement of Net Position</u>	
Cash	1,277,313
Cash – Board Designated	2,000,000
	<u>3,277,313</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Trinidad Ambulance District (the District) was organized on March 28, 1989 and is governed by an elected Board of Directors. It is a local government unit created for the purpose of providing emergency transportation services to fee paying customers within a service area allowed by law.

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (Trinidad Ambulance District) and its component units. The District has no component units; the financial statements are comprised of the funds more fully described in subsequent information contained in the footnotes.

The accounting policies of the Trinidad Ambulance District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Basis of Accounting

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable statements of the GASB. The financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific, property taxes and investment income are included in non-operating revenues. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

C. Classifications of Net Position

Net investment in capital assets – This component consists of 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 improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Classifications of Net Position (Continued)

Unrestricted – This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Fixtures	5-10
Equipment and Vehicles	3-10
Buildings and Improvements	30-40

E. Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

4. The EMS Chief is authorized to transfer budgeted amounts between line items; however, any revisions to alter the total expenditures must be approved by the Board of Directors.
5. Budgets for the Enterprise Funds are adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Accrued vacation payable has been reflected in the financial statements of the District in the amount of \$40,183.

I. Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expense during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on customer accounts receivable. In connection with the determination of the estimated losses on receivables, management evaluates accounts and relies on historical data.

While management uses available information to recognize losses on receivables, further reductions in the carrying amounts of receivables may be necessary based on changes in economic conditions. Because of these factors, it is reasonably possible that the estimated losses on receivables may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

K. Deposits and Investments, Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

The Board has designated \$2,000,000 of cash for the future construction of a new building.

L. Long-Term Obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred.

M. Net Service Fees

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net revenue is reported at estimated net realizable amounts from customers, third-party payors and others, and a provision for bad debts. Service revenue is net of contractual adjustments and discounts of \$1,218,392 and the provision for bad debts of \$374,026.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Accounts Receivable

The District reports accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for bad debts and contractual adjustments based upon a review of outstanding receivables, historical collection information and existing economic conditions. The District has provided an allowance of \$355,000 as of December 31, 2019. As a service to the customer, the District bills third-party payors directly and bills the customer when the customer's liability is determined. Accounts receivables are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the customer or third-party payor.

O. Operating Revenue and Expenses

Operating revenue and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

P. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital Assets:				
Land	404,420	-	-	404,420
Buildings and Furnishings	1,394,585	-	-	1,394,585
Equipment	256,925	23,510	-	280,435
Vehicles	1,947,980	133,558	77,371	2,004,167
Radio Equipment	164,399	-	-	164,399
Medical Equipment	707,744	54,139	-	653,605
Total Capital Assets	<u>4,876,053</u>	<u>211,207</u>	<u>77,371</u>	<u>5,009,889</u>
Less Accumulated Depreciation	<u>2,481,085</u>	<u>310,805</u>	<u>72,330</u>	<u>2,719,560</u>
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>2,394,968</u>	<u>(99,598)</u>	<u>5,041</u>	<u>2,290,329</u>

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 CASH AND DEPOSITS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured	500,000	500,000
Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado	<u>2,768,971</u>	<u>2,751,666</u>
<u>Sub-Total</u>	3,268,971	3,251,666
Cash with County Treasurer	-	25,535
Cash on Hand	-	112
<u>Total Cash and Deposits</u>	<u>3,268,971</u>	<u>3,277,313</u>

Cash of \$75,000 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. (See Note 6)

As presented above, deposits with a bank balance of \$2,768,971 and a carrying balance of \$2,751,666 as of December 31, 2019 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 4 COMPENSATED ABSENCES

All full-time employees are eligible to accrue Paid Time Off (PTO) and Sick/Bereavement Leave. Unused, accrued PTO is paid following termination of employment with Trinidad Ambulance District. Accrued but unused Sick/Bereavement Leave is not paid upon termination. Both are subject to a maximum accrual as defined in policy. Changes in accrued and payable PTO for the year ended December 31, 2019 follows:

	<u>Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of Year</u>
Accrued Vacation (PTO)	<u>44,956</u>	<u>-</u>	<u>4,773</u>	<u>40,183</u>

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Further, the District is subject to the provisions of the Colorado Government Immunity Act which provides a limitation on the liability of the District. The District is not aware of any unasserted claims, unreported incidents or claims outstanding which are expected to exceed malpractice insurance coverage limits as of December 31, 2019.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1996 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 PENSION PLAN - DEFINED CONTRIBUTION

The District participates in the Colorado County Officials and Employee Retirement Association (CCOERA) 401(a) retirement plan and a CCOERA 457 deferred compensation plan, both of which are defined contribution plans (the Plans). All employees working at least 32 hours per week, 12 months per year are eligible to participate in the 401(a) plan after the first three months of employment. The District contributes 3% of the participant's compensation and the participant becomes fully vested over a three-year period. All employees (full time and part time) are immediately eligible to participate in the 457 plan, although they are not eligible for employer matching during their first year of eligibility. Employee and employer contributions are immediately vested under the 457 plan. The District will match employee contributions to the plan up to a match of 7%. District contributions to the Plans for the year ended December 31, 2019 were \$65,392.

The amount of pension expense recognized by the District in 2019 was \$60,140. Forfeitures of \$5,252 were credited to the District during the current year and are reflected in pension expense. The District has a liability outstanding at the end of the year for pension payments due to CCOERA of \$2,515.

NOTE 8 LEASE

The District leases office space under a month-to-month lease. Total rent expense was \$12,422 for the year ended December 31, 2019.

SUPPLEMENTAL INFORMATION

TRINIDAD AMBULANCE DISTRICT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL
Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance-Favorable <u>(Unfavorable)</u>
<u>OPERATING REVENUES (NET)</u>			
Charges for Services	<u>1,559,750</u>	<u>935,262</u>	<u>(624,488)</u>
<u>OPERATING EXPENSES</u>			
Salaries and Benefits	1,495,285	1,265,028	230,257
Gas, Oil and Parts	85,000	66,489	18,511
Repairs and Maintenance	118,000	43,157	74,843
Medical Supplies	74,500	70,439	4,061
Medical Direction Fees	18,000	16,549	1,451
Public Relations	17,000	12,209	4,791
Computer Expenses	13,000	9,017	3,983
Communications/Radios	20,000	4,258	15,742
Travel and Transportation	40,000	29,454	10,546
Insurance	80,000	72,926	7,074
Legal, Accounting and Audit	51,700	28,498	23,202
Fees	33,000	23,575	9,425
Office Supplies and Expense	20,000	31,083	(11,083)
Telephone	20,000	23,000	(3,000)
Training & Education, QRT	47,500	63,469	(15,969)
Utilities	35,000	22,101	12,899
Uniforms and Laundry	20,000	14,422	5,578
Other General & Administrative	4,300	21,595	(17,295)
Rent or Lease Expense	10,000	12,422	(2,422)
Billing Services	105,000	51,590	53,410
Contract Services	-	3,000	(3,000)
Capital Outlay	<u>323,000</u>	<u>83,607</u>	<u>239,393</u>
	<u>2,630,285</u>	<u>1,967,888</u>	<u>662,397</u>
<u>OPERATING LOSS</u>	<u>(1,070,535)</u>	<u>(1,032,626)</u>	
<u>NON-OPERATING REVENUE (EXPENSE)</u>			
Property Tax	961,931	946,451	(15,480)
Ownership Tax	140,000	197,552	57,552
Insurance and Other Recoveries	-	8,571	8,571
Interest Income	10,000	23,202	13,202
Treasurer Fees	(20,000)	(18,818)	1,182
Grants	13,000	6,189	(6,811)
Other	<u>(30,000)</u>	<u>10,955</u>	<u>40,955</u>
	<u>1,074,931</u>	<u>1,174,102</u>	<u>99,171</u>
<u>NET INCOME (LOSS) – NON GAAP</u>	<u>4,396</u>	141,476	
<u>RECONCILING ITEMS</u>			
Depreciation		(310,805)	
Capital Outlay		<u>83,607</u>	
<u>INCREASE (DECREASE) IN NET POSITION (GAAP BASIS)</u>		<u>(85,722)</u>	

The accompanying notes are an integral part of these financial statements.