

cPa DIXON, WALLER & CO., INC.

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TRINIDAD AMBULANCE DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2020

# DIXON, WALLER & CO., INC.

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### TRINIDAD, COLORADO

DECEMBER 31, 2020

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## 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, 2020, 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, 2020, 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 vi 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.

*Dixon, Waller & Co., Inc.*

June 30, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TRINIDAD AMBULANCE DISTRICT**  
Management Discussion and Analysis  
Year Ended December 31, 2020

**INTRODUCTION**

Our discussion and analysis of the Trinidad Ambulance District's (TAD) financial performance provides an overview of TAD's financial activities for the year 2020. 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 2019 & 2020.

**FINANCIAL HIGHLIGHTS**

- TAD's net position as the end of 2019 was \$5,712,254 compared to \$5,650,227 in 2020.
- TAD purchased vehicles costing \$316,782, and medical equipment in the amount of \$209,596.
- Operating expenses increased by approximately \$176,340.
- Total liabilities increased by \$146,340 in 2020.
- Bad debt of \$157,000 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 2020 year by \$62,028.

### **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, 2019 and December 31, 2020.

#### **STATEMENT OF NET POSITION**

<b><u>ASSETS</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Cash and cash equivalents	\$ 1,277,313	\$1,086,431
Vendor Deposit	\$	
Grant Receivable	\$	\$ 19,743
Patient accounts receivable, net	\$ 208,825	\$ 317,049
Property tax receivable	\$ 985,292	\$ 954,927
Other current assets	\$ 54,055	\$ 64,893
Capital assets, net	\$2,290,329	\$2,426,719
CASH-Board Designated for Building	\$2,000,000	\$2,000,000
<b><u>TOTAL ASSETS</u></b>	<b><u>\$6,815,814</u></b>	<b><u>\$6,869,762</u></b>



**LIABILITIES**

Accounts Payable	\$ 30,053	\$ 30,273
Accrued Salaries & Benefits	\$ 48,032	\$ 16,977
Accrued Vacation Payable		62,319
Purchase Agmt	<u>\$ -0-</u>	<u>\$ 155,039</u>

<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 118,268</u></b>	<b><u>\$ 264,608</u></b>
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<b><u>DEFERRED INFLOWS</u></b>	<b><u>\$ 985,292</u></b>	<b><u>\$ 954,927</u></b>
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**NET POSITION**

Net Investment in Capital Assets	\$2,290,329	\$2,271,680
Emergency Reserve	\$ 75,000	\$ 75,000
Reserve For Long-Term Contract		\$ 155,039
Unrestricted	<u>\$3,346,925</u>	<u>\$3,148,508</u>

<b><u>TOTAL NET POSITION</u></b>	<b><u>\$5,712,254</u></b>	<b><u>\$5,650,227</u></b>
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**CHANGES IN NET POSITION****OPERATING REVENUES**

Net Ambulance Revenues	\$ 935,262	\$1,007,536
Other Operating Revenues	<u>\$ -0-</u>	<u>\$ -0-</u>

<b><u>TOTAL OPERATING REVENUES</u></b>	<b><u>\$ 935,262</u></b>	<b><u>\$1,007,536</u></b>
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<b><u>OPERATING EXPENSES &amp; DEPRECIATION</u></b>	<b><u>\$2,195,086</u></b>	<b><u>\$2,371,426</u></b>
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<b><u>LOSS FROM OPERATIONS</u></b>	<b><u>(\$1,259,824)</u></b>	<b><u>(\$1,363,890)</u></b>
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**NON-OPERATING REVENUES**

Grants	\$ 6,189	\$ 156,862
Intergovernmental Agreements	\$ -0-	\$ -0-
Property Tax Revenue	\$ 1,144,003	\$ 1,140,045
Other	<u>\$ 47,596</u>	<u>\$ 24,151</u>

<u>TOTAL NON-OPERATING REV.</u>	<u>\$1,197,788</u>	<u>\$1,321,058</u>
<u>NON-OPERATING EXPENSES</u>	\$ 18,818	\$ 19,196
<u>CHANGE IN NET POSITION</u>	<u>\$ -85,722</u>	<u>\$ -62,028</u>

### Budgetary Highlights

The District's annual budget is prepared according to Colorado statutes. It is based on accounting for certain transactions on a basis of cash receipts and disbursements.

The total operating revenue was less than budgeted revenues by \$286,464. The total non-operating revenue was more than budgeted revenues by \$190,970. The total actual expenditures were more than budgeted expenditures by \$139,956.

### Economic Factors and Next Year's Budget

- Property taxes are budgeted for approximately \$985,292 which was a slight increase compared to \$961,931 in 2019.
- Total revenues including net fees for services and taxes are budgeted for approximately \$1,294,000.
- Total operating expenditures including capital outlay are budgeted for approximately \$2,404,785.

## **OPERATING REVENUE**

One of the major components of the overall change in TAD's net position is a combination between operating expenses and operating revenue. In the calendar year 2020, TAD's operating expenses increased by \$176,340 and operating revenue increased by \$72,274 causing a decrease in net position of \$62,028.

## **NON-OPERATING REVENUES AND EXPENSES**

Non-operating revenues and expenses consist primarily of property tax and Grants. Our reserve monies are earning interest.

## **TAD'S CASH FLOW**

Changes in Trinidad Ambulance District's operating cash flows are consistent with changes in operating income and non-operating revenues and expenses.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

A summary of changes in TAD's capital assets is as follows:

### **EQUIPMENT ACTIVITY**

	<b><u>Balance</u></b> <b><u>1/1/2020</u></b>	<b><u>Increase</u></b>	<b><u>Decrease</u></b>	<b><u>Balance</u></b> <b><u>12/31/2020</u></b>
Vehicles & Equipment	\$ 3,210,884	\$ 526,378	\$ 280,237	\$3,457,025
Construction in Progress	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Building	\$1,394,585	\$ -0-	\$ -0-	\$1,394,585
Land	\$ 404,420	\$ -0-	\$ -0-	\$ 404,420
Accum. Depreciation	<u>\$(2,719,560)</u>	<u>\$(353,063)</u>	<u>\$ 243,312</u>	<u>\$(2,829,311)</u>
<b><u>TOTALS</u></b>	<b><u>\$2,290,329</u></b>	<b><u>\$ (173,315)</u></b>	<b><u>\$ 36,925</u></b>	<b><u>\$2,426,719</u></b>

## **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, 2020

ASSETS

Current Assets

Cash	1,086,431
Property Tax Receivable	954,927
Grant Receivable	19,743
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$512,000)	317,049
Inventory - Medical Supplies	64,893
<u>Total Current Assets</u>	<u>2,443,043</u>
Cash – Board Designated for Building	<u>2,000,000</u>

Property and Equipment

Land	404,420
Equipment	280,435
Vehicles	2,211,135
Radio Equipment	164,399
Medical Equipment	801,056
Furniture and Fixtures	51,628
Building	<u>1,342,957</u>
	5,256,030
Accumulated Depreciation	<u>(2,829,311)</u>
<u>Net Property and Equipment</u>	<u>2,426,719</u>

TOTAL ASSETS

6,869,762

DEFERRED OUTFLOW OF RESOURCES

-

LIABILITIES

Current Liabilities

Accounts Payable	30,273
Accrued Salaries and Benefits	16,977
Accrued Vacation Payable	62,319
<u>Total Current Liabilities</u>	<u>109,569</u>

Long-Term Liabilities

Purchase Agreement	<u>155,039</u>
<u>Total Long-Term Liabilities</u>	<u>155,039</u>

TOTAL LIABILITIES

264,608

DEFERRED INFLOW OF RESOURCES

Property Tax	<u>954,927</u>
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NET POSITION

Net Investment in Capital Assets	2,271,680
Restricted:	
Reserve for Emergency	75,000
Reserve for Long-Term Contract	155,039
Unrestricted	<u>3,148,508</u>

TOTAL NET POSITION

5,650,227

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, 2020

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OPERATING REVENUES

Charges for Services (net of bad debts of \$157,000)	1,007,536
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OPERATING EXPENSES

Salaries and Benefits	1,467,723
Gas, Oil and Parts	63,169
Repairs and Maintenance	60,353
Medical Supplies	79,832
Medical Direction Fees	18,110
Public Relations	336
Computer Expenses	7,379
Communications/Radio	3,060
Travel and Transportation	4,173
Insurance	43,628
Legal, Accounting and Audit Fees	72,873
Office Supplies and Expense	5,300
Telephone	26,124
Training and Education, QRT	17,936
Utilities	36,264
Uniforms and Laundry	24,868
Other General and Administrative	10,770
Rent or Lease Expense	20,238
Billing Services	4,968
Contract Services	48,259
Depreciation	3,000
	353,063
<u>Total Operating Expenses</u>	<u>2,371,426</u>

<u>OPERATING LOSS</u>	(1,363,890)
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Non-Operating Revenue (Expense)

Property Tax	968,962
Ownership Tax	171,083
Insurance, Other Recoveries	6,424
Interest Income	15,502
Treasurers Fee	(19,196)
Grants	156,862
Other	2,225
<u>Total Non-Operating Revenue (Expense)</u>	<u>1,301,862</u>

<u>INCREASE (DECREASE) IN NET POSITION</u>	(62,028)
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<u>NET POSITION, Beginning</u>	5,712,255
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<u>NET POSITION, Ending</u>	5,650,227
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The accompanying notes are an integral part of these financial statements.

TRINIDAD AMBULANCE DISTRICT  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2020

<u>Cash Flows from Operating Activities</u>	
Receipts for Services	1,056,312
Payments to Employees – Salaries and Benefits	(1,476,642)
Payments to Vendors	(718,258)
<u>Net Cash Provided by (Used for) Operating Activities</u>	<u>(1,138,588)</u>
<u>Cash Flows from Capital &amp; Related Financing Activities</u>	
Grant	90,984
Proceeds - Sale of Property and Equipment	25,000
Acquisition of Property and Equipment	(371,337)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(255,353)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Property Tax Receipts, Net of Fees	949,766
Ownership Tax Receipts	171,083
Intergovernmental Agreements, Grants	46,135
Other, Including Insurance Proceeds	20,574
<u>Net Cash Provided by Non-Capital Financing Activities</u>	<u>1,187,558</u>
<u>Cash Flows from Investing Activities</u>	
Interest	15,502
<u>Net Increase (Decrease) in Cash</u>	<u>(190,881)</u>
<u>Cash - Beginning of Year</u>	<u>3,277,312</u>
<u>Cash - End of Year</u>	<u>3,086,431</u>
<u>Reconciliation of Cash Flows from Operating Activities</u>	
Operating Income (Loss)	(1,363,890)
Adjustments to Reconcile:	
Depreciation	353,063
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(108,224)
(Increase) Decrease in Inventory	(10,838)
Increase (Decrease) in Accounts Payable	220
Increase (Decrease) in Accrued Salaries, Vacation and Benefits	(8,919)
<u>Net Cash Provided (Used) by Operations</u>	<u>(1,138,588)</u>
<u>Supplemental Cash Flow Information</u>	
Non-Cash Asset Acquisition - Contract	155,039
Cash Paid for Income Tax	-
Cash Paid for Interest	-
<u>Reconciliation of Cash to Statement of Net Position</u>	
Cash	1,086,431
Cash – Board Designated	2,000,000
	<u>3,086,431</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, 2020

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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, 2020

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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, 2020

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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 \$62,319.

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, 2020

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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 \$1,796,605 and the provision for bad debts of \$157,000.

TRINIDAD AMBULANCE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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 \$512,000 as of December 31, 2020. 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, 2020 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	280,435	-	-	280,435
Vehicles	2,004,167	316,782	109,814	2,211,135
Radio Equipment	164,399	-	-	164,399
Medical Equipment	<u>761,883</u>	<u>209,596</u>	<u>170,423</u>	<u>801,056</u>
Total Capital Assets	<u>5,009,889</u>	<u>526,378</u>	<u>280,237</u>	<u>5,256,030</u>
Less Accumulated Depreciation	<u>2,719,560</u>	<u>353,063</u>	<u>243,312</u>	<u>2,829,311</u>
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>2,290,329</u>	<u>173,315</u>	<u>36,925</u>	<u>2,426,719</u>

TRINIDAD AMBULANCE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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>2,641,969</u>	<u>2,561,100</u>
<u>Sub-Total</u>	3,141,969	3,061,100
Cash with County Treasurer	-	24,945
Cash on Hand	-	386
<u>Total Cash and Deposits</u>	<u>3,141,969</u>	<u>3,086,431</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 \$2,641,969 and a carrying balance of \$2,561,100 as of December 31, 2020 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, 2020 follows:

	<u>Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of Year</u>
Accrued Vacation (PTO)	<u>40,183</u>	<u>22,136</u>	<u>-</u>	<u>62,319</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, 2020.

TRINIDAD AMBULANCE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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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  
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NOTE 7      PENSION PLAN - DEFINED CONTRIBUTION

The District participates in the Colorado Retirement Association (CRA) 401(a) retirement plan and a CRA 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 must participate in the 401(a) plan after the first three months of employment. The District contributes from 3% up to a maximum of 7% of the participant's compensation, matching what the employee contributes, 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, for which there is no employer matching. Employee contributions are immediately vested under the 457 plan. District contributions to the Plans for the year ended December 31, 2020 were \$71,842.

The amount of pension expense recognized by the District in 2020 was \$71,842. Forfeitures of \$-0- 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 CRA of \$-0-.

The Board of Directors approves the benefit terms and has the authority to amend them.

NOTE 8      LEASE

The District leases office space under a month-to-month lease. Total rent expense was \$4,968 for the year ended December 31, 2020.

NOTE 9      PURCHASE AGREEMENT

The District entered into an agreement with a vendor to purchase equipment with a value of \$193,799 in the year ended December 31, 2020. Five annual payments of \$38,760 beginning 30 days after the agreement was signed on September 1, 2020 were required. The first payment was made leaving a balance due of \$155,039 at year end.

NOTE 10      BUDGET INFORMATION

The expenditures of the District exceeded the budget for the year by \$139,152.

## SUPPLEMENTAL INFORMATION

TRINIDAD AMBULANCE DISTRICT  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON-GAAP) AND ACTUAL  
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	Variance-Favorable <u>(Unfavorable)</u>
<u>OPERATING REVENUES (NET)</u>			
Charges for Services	<u>1,294,000</u>	<u>1,007,536</u>	<u>(286,464)</u>
<u>OPERATING EXPENSES</u>			
Salaries and Benefits	1,430,285	1,467,723	(37,438)
Gas, Oil and Parts	80,000	63,169	16,831
Repairs and Maintenance	111,000	60,353	50,647
Medical Supplies	79,500	79,832	(332)
Medical Direction Fees	18,000	18,110	(110)
Public Relations	17,000	336	16,664
Computer Expenses	26,500	7,379	19,121
Communications/Radios	20,000	3,060	16,940
Travel and Transportation	-	4,173	(4,173)
Insurance	40,000	43,628	(3,628)
Legal, Accounting and Audit	50,000	72,873	(22,873)
Fees	8,000	5,300	2,700
Office Supplies and Expense	20,000	26,124	(6,124)
Telephone	20,000	17,936	2,064
Training & Education, QRT	42,500	36,264	6,236
Utilities	35,000	24,868	10,132
Uniforms and Laundry	20,000	10,770	9,230
Other General & Administrative	46,000	20,238	25,762
Rent or Lease Expense	10,000	4,968	5,032
Billing Services	80,000	48,259	31,741
Contract Services	-	3,000	(3,000)
Capital Outlay	<u>251,000</u>	<u>526,378</u>	<u>(275,378)</u>
	<u>2,404,785</u>	<u>2,544,741</u>	<u>(139,956)</u>
<u>OPERATING LOSS</u>	<u>(1,110,785)</u>	<u>(1,537,205)</u>	
<u>NON-OPERATING REVENUE (EXPENSE)</u>			
Property Tax	985,292	968,962	(16,330)
Ownership Tax	140,000	171,083	31,083
Insurance and Other Recoveries	-	6,424	6,424
Interest Income	20,600	15,502	(5,098)
Treasurer Fees	(20,000)	(19,196)	804
Grants	15,000	156,862	141,862
Other	(30,000)	2,225	32,225
Debt Payments	-	-	-
	<u>1,110,892</u>	<u>1,301,862</u>	<u>190,970</u>
<u>NET INCOME (LOSS) – NON GAAP</u>	<u>107</u>	<u>(235,343)</u>	
<u>RECONCILING ITEMS</u>			
Depreciation		(353,063)	
Capital Outlay		<u>526,378</u>	
<u>INCREASE (DECREASE) IN NET POSITION (GAAP BASIS)</u>		<u>(62,028)</u>	

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