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TRINIDAD AMBULANCE DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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July 24, 2018

DIXON, WALLER & CO., INC.

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TRINIDAD AMBULANCE DISTRICT

TRINIDAD, COLORADO

DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 v 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.

Arthur, Waller & Co., Inc.

June 20, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRINIDAD AMBULANCE DISTRICT
Management Discussion and Analysis
Year Ended December 31, 2017

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 2017. 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 2016 & 2017.

FINANCIAL HIGHLIGHTS

- TAD's net position as the end of 2017 was \$5,870,823 compared to \$6,050,617 in 2016.
- TAD purchased equipment totaling \$15,000, vehicles costing \$236,481 and medical equipment in the amount of \$1,291.
- Operating expenses decreased by approximately \$32,838.
- Total liabilities decreased by \$170,512 in 2017.
- Bad debt of \$351,600 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 2017 year by \$179,794.

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, 2016 and December 31, 2017.

STATEMENT OF NET POSITION

<u>ASSETS</u>	<u>2016</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,396,234	\$1,448,976
Vendor Deposit	\$ 372,303	
Grant Receivable	\$ 85,211	
Patient accounts receivable, net	\$ 206,381	\$ 217,734
Property tax receivable	\$ 908,904	\$ 945,559
Other current assets	\$ 54,564	\$ 54,718
Capital assets, net	\$2,241,504	\$2,284,462
CASH-Board Designated for Building	\$2,000,000	\$2,000,000
<u>TOTAL ASSETS</u>	<u>\$7,265,101</u>	<u>\$6,951,449</u>

LIABILITIES

Accounts Payable	\$ 219,474	\$ 39,753
Accrued Salaries & Benefits	\$ 86,105	\$ 95,314
Payroll Tax	\$ -0-	\$ -0-

<u>TOTAL LIABILITIES</u>	<u>\$ 305,579</u>	<u>\$ 135,067</u>
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<u>DEFERRED INFLOWS</u>	<u>\$908,504</u>	<u>\$ 945,559</u>
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NET POSITION

Net Investment in Capital Assets	\$2,241,504	\$2,284,462
Emergency Reserve	\$ 72,500	\$ 72,500
Unrestricted	\$3,736,614	\$3,513,861

<u>TOTAL NET POSITION</u>	<u>\$6,050,618</u>	<u>\$5,870,823</u>
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CHANGES IN NET POSITION**OPERATING REVENUES**

Net Ambulance Revenues	\$ 979,216	\$ 957,543
Other Operating Revenues	\$ -0-	\$ -0-

<u>TOTAL OPERATING REVENUES</u>	<u>\$ 979,216</u>	<u>\$ 957,543</u>
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<u>OPERATING EXPENSES & DEPRECIATION</u>	<u>\$2,254,006</u>	<u>\$2,221,168</u>
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<u>LOSS FROM OPERATIONS</u>	<u>(\$1,274,790)</u>	<u>(\$1,263,625)</u>
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NON-OPERATING REVENUES

Grants	\$ 100,212	\$ 7,500
Intergovernmental Agreements	\$ -0-	\$ -0-
Property Tax Revenue	\$ 1,243,684	\$ 1,041,903
Other	\$ 91,618	\$ 51,996

<u>TOTAL NON-OPERATING REV.</u>	<u>\$1,435,514</u>	<u>\$1,101,399</u>
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NON-OPERATING EXPENSES

\$ 21,354 \$ 17,568

CHANGE IN NET POSITION

\$ 139,370 \$ -179,794

OPERATING REVENUE

One of the components of the overall change in TAD's net position is its operating revenue. In the calendar year 2017, TAD's operating revenue decreased by \$21,673.

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

	<u>Balance</u> <u>1/1/2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/2017</u>
Vehicles & Equipment	\$ 2,619,819	\$ 252,772	\$ 96,860	\$2,775,731
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>\$(2,177,320)</u>	<u>\$(209,814)</u>	<u>\$ -0-</u>	<u>\$(2,290,274)</u>
<u>TOTALS</u>	<u>\$2,241,504</u>	<u>\$(42,958)</u>	<u>\$-----</u>	<u>\$2,284,462</u>

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, 2017

ASSETS

Current Assets

Cash	1,448,976
Property Tax Receivable	945,559
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$382,000)	217,734
Inventory - Medical Supplies	54,718
<u>Total Current Assets</u>	<u>2,666,987</u>
Cash – Board Designated for Building	<u>2,000,000</u>

Property and Equipment

Land	404,420
Equipment	244,376
Vehicles	1,728,964
Radio Equipment	122,735
Medical Equipment	679,656
Furniture and Fixtures	51,628
Building	<u>1,342,957</u>
	4,574,736
Accumulated Depreciation	<u>(2,290,274)</u>
<u>Net Property and Equipment</u>	<u>2,284,462</u>

TOTAL ASSETS

6,951,449

DEFERRED OUTFLOW OF RESOURCES

-

LIABILITIES

Current Liabilities

Accounts Payable	39,753
Accrued Salaries and Benefits	48,622
Accrued Vacation Payable	46,692
<u>Total Liabilities</u>	<u>135,067</u>

DEFERRED INFLOW OF RESOURCES

Property Tax	<u>945,559</u>
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NET POSITION

Net Investment in Capital Assets	2,284,462
Restricted:	
Reserve for Emergency	72,500
Unrestricted	<u>3,513,861</u>

TOTAL NET POSITION

5,870,823

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, 2017

OPERATING REVENUES

Charges for Services (net of bad debts of \$351,600)	957,543
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OPERATING EXPENSES

Salaries and Benefits	1,330,856
Gas, Oil and Parts	64,696
Repairs and Maintenance	158,986
Medical Supplies	72,662
Medical Direction Fees	19,500
Public Relations	10,249
Computer Expenses	4,471
Communications/Radio	11,745
Travel and Transportation	30,086
Insurance	64,471
Legal, Accounting and Audit Fees	29,376
Office Supplies and Expense	5,400
Telephone	25,183
Training and Education, QRT	14,090
Utilities	42,790
Uniforms and Laundry	28,957
Other General and Administrative	11,835
Rent or Lease Expense	15,571
Billing Services	10,051
Contract Services	58,933
Depreciation	1,446
	<u>209,814</u>
<u>Total Operating Expenses</u>	<u>2,221,168</u>

<u>OPERATING LOSS</u>	(1,263,625)
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Non-Operating Revenue (Expense)

Property Tax	889,211
Ownership Tax	152,692
Insurance, Other Recoveries	24,627
Interest Income	10,852
Treasurers Fee	(17,568)
Grants	7,500
Other	16,517
	<u>1,083,831</u>

<u>INCREASE (DECREASE) IN NET POSITION</u>	(179,794)
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<u>NET POSITION, Beginning</u>	6,050,617
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<u>NET POSITION, Ending</u>	<u>5,870,823</u>
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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, 2017

<u>Cash Flows from Operating Activities</u>	
Receipts for Services	946,190
Payments to Employees – Salaries and Benefits	(1,340,065)
Payments to Vendors	(530,630)
<u>Net Cash Provided by (Used for) Operating Activities</u>	<u>(924,505)</u>
<u>Cash Flows from Capital & Related Financing Activities</u>	
Grant	85,211
Acquisition of Property and Equipment	(191,795)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(106,584)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Property Tax Receipts, Net of Fees	871,643
Ownership Tax Receipts	152,692
Intergovernmental Agreements, Grants	7,500
Other, Including Insurance Proceeds	41,144
<u>Net Cash Provided by Non-Capital Financing Activities</u>	<u>1,072,979</u>
<u>Cash Flows from Investing Activities</u>	
Interest	10,852
<u>Net Increase (Decrease) in Cash</u>	<u>52,742</u>
<u>Cash - Beginning of Year</u>	<u>3,396,234</u>
<u>Cash - End of Year</u>	<u>3,448,976</u>
<u>Reconciliation of Cash Flows from Operating Activities</u>	
Operating Income (Loss)	(1,263,625)
Adjustments to Reconcile:	
Depreciation	209,814
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(11,353)
(Increase) Decrease in Inventory	(154)
(Increase) Decrease in Other Current Assets	140,902
Increase (Decrease) in Accounts Payable	(9,298)
Increase (Decrease) in Accrued Salaries, Vacation and Benefits	9,209
<u>Net Cash Provided (Used) by Operations</u>	<u>(924,505)</u>
<u>Cash Paid for Income Tax</u>	<u>-</u>
<u>Cash Paid for Interest</u>	<u>-</u>
<u>Reconciliation of Cash to Statement of Net Position</u>	
Cash	1,448,976
Cash – Board Designated	2,000,000
	<u>3,448,976</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, 2017

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, 2017

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, 2017

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 \$46,692.

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, 2017

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 \$1,983,231 and the provision for bad debts of \$351,600.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 \$382,000 as of December 31, 2017. 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, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Land	404,420	-	-	404,420
Buildings and Furnishings	1,394,585	-	-	1,394,585
Equipment	229,376	15,000	-	244,376
Vehicles	1,589,343	236,481	96,860	1,728,964
Radio Equipment	122,735	-	-	122,735
Medical Equipment	678,365	1,291	-	679,656
Total Capital Assets Being Depreciated	<u>4,418,824</u>	<u>252,772</u>	<u>96,860</u>	<u>4,574,736</u>
Less Accumulated Depreciation	<u>2,177,320</u>	<u>209,814</u>	<u>96,860</u>	<u>2,290,274</u>
<u>Business-Type Activities</u>				
<u>Capital Assets, Net</u>	<u>2,241,504</u>	<u>42,958</u>	<u>-</u>	<u>2,284,462</u>

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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>2,929,489</u>	<u>2,910,078</u>
<u>Sub-Total</u>	<u>3,429,489</u>	<u>3,410,078</u>
Cash with County Treasurer	-	38,726
Cash on Hand	-	172
<u>Total Cash and Deposits</u>	<u>3,429,489</u>	<u>3,448,976</u>

Cash of \$72,500 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 \$2,929,489 and a carrying balance of \$2,910,078 as of December 31, 2017 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, 2017 follows:

	<u>Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of Year</u>
Accrued Vacation (PTO)	<u>41,120</u>	<u>5,572</u>	<u>-</u>	<u>46,692</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, 2017.

TRINIDAD AMBULANCE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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, 2017 were \$62,700.

The amount of pension expense recognized by the District in 2017 was \$60,354. Forfeitures of \$2,346 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 \$0.

NOTE 8 LEASE

The District leases office space under a month-to-month lease. Total rent expense was \$10,051 for the year ended December 31, 2017.

SUPPLEMENTAL INFORMATION

TRINIDAD AMBULANCE DISTRICT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL
Year Ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	Variance-Favorable (Unfavorable)
<u>OPERATING REVENUES (NET)</u>			
Charges for Services	<u>1,235,200</u>	<u>957,543</u>	<u>(277,657)</u>
<u>OPERATING EXPENSES</u>			
Salaries and Benefits	1,414,548	1,330,856	83,692
Gas, Oil and Parts	78,000	64,696	13,304
Repairs and Maintenance	77,000	158,986	(81,986)
Medical Supplies	72,000	72,662	(662)
Medical Direction Fees	18,000	19,500	(1,500)
Public Relations	15,000	10,249	4,751
Computer Expenses	19,500	4,471	15,029
Communications/Radios	10,000	11,745	(1,745)
Travel and Transportation	25,000	30,086	(5,086)
Insurance	87,000	64,471	22,529
Legal, Accounting and Audit	30,000	29,376	624
Fees	11,000	5,400	5,600
Office Supplies and Expense	20,000	25,183	(5,183)
Telephone	20,000	14,090	5,910
Training & Education, QRT	17,500	42,790	(25,290)
Utilities	30,000	28,957	1,043
Uniforms and Laundry	10,000	11,835	(1,835)
Other General & Administrative	24,500	15,571	8,929
Rent or Lease Expense	10,000	10,051	(51)
Billing Services	70,000	58,933	11,067
Contract Services	-	1,446	(1,446)
Capital Outlay	<u>2,030,000</u>	<u>252,772</u>	<u>1,777,228</u>
	<u>4,089,048</u>	<u>2,264,126</u>	<u>1,824,922</u>
<u>OPERATING LOSS</u>	<u>(2,853,848)</u>	<u>(1,306,583)</u>	
<u>NON-OPERATING REVENUE (EXPENSE)</u>			
Property Tax	907,996	889,211	(18,785)
Ownership Tax	130,000	152,692	22,692
Insurance and Other Recoveries	-	24,627	24,627
Interest Income	6,800	10,852	4,052
Treasurer Fees	(15,800)	(17,568)	(1,768)
Grants	15,000	7,500	(7,500)
Other	-	16,517	16,517
	<u>1,043,996</u>	<u>1,083,831</u>	<u>39,835</u>
<u>NET INCOME (LOSS) – NON GAAP</u>	<u>(1,809,852)</u>	<u>(222,752)</u>	
<u>RECONCILING ITEMS</u>			
Depreciation		(209,814)	
Capital Outlay		<u>252,772</u>	
<u>INCREASE (DECREASE) IN NET POSITION (GAAP BASIS)</u>		<u>(179,794)</u>	

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