



# FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022



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## Independent Auditors' Report

Board of Directors  
Thompson Valley Health Services District  
Loveland, Colorado

### **Opinions**

We have audited the accompanying financial statements of the business-type activities of the Thompson Valley Health Services District (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively compromise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Thompson Valley Health Services District as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States require that management discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, 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 evidence sufficient to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 22 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

September 26, 2024

*Anderson's Whitley, P.C.*

THOMPSON VALLEY HEALTH SERVICES DISTRICT

c/o TVEMS

4480 Clydesdale Parkway – Loveland, Colorado 80538

Phone (970) 663-6025

A special Colorado Health Services District

Serving Southern Larimer County Since 1968

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section of the report provides readers with a narrative overview and analysis of the financial activities of the Thompson Valley Health Services District (the District or TVHSD) for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District’s financial performance.

**FINANCIAL HIGHLIGHTS**

- \* TVHSD’s assets exceeded liabilities and deferred inflows by \$9,787,890 at December 31, 2023.
- \* The December 31, 2023 net position is \$232,902 more than the previous year.
- \* Reimbursement for ambulance operations continues to be primarily from insurance companies, Medicare, Medicaid, and private pay patients. Patient service revenue was down approximately 2% in 2023. Ambulance calls which were billed were approximately 14,940 in 2023 and 14,401 in 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis is intended to serve as an introduction to TVHSD’s financial statements which follow. The statements include:

1. Statements of Net Position
2. Statements of Revenue, Expenses, and Changes in Fund Net Position
3. Statements of Cash Flows
4. Notes to Financial Statements.

*Statements of net position* at December 31, 2023 and 2022 present all of the District’s assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position would provide an indication of whether the District’s financial position is improving or deteriorating.

*Statements of revenue, expenses, and changes in fund net position* present TVHSD revenue and expenses for the years ended December 31, 2023 and 2022.

*Statements of cash flows* show the net cash flows from activities for the years ended December 31, 2023 and 2022.

These statements are in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. TVHSD’s financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of TVHSD’s assets, liabilities and deferred inflows as of December 31, 2023 and 2022 and the activities which occurred during those years. All statements were prepared using the accrual basis of accounting as required by GASB. These statements are on pages 10 through 12.

*Notes to financial statements* provide additional information which is essential to a full understanding of the basic financial statements. The notes to the financial statements can be found on pages 13 through 21 of this report.

*Budgetary comparison* shows the TVHSD annual appropriated budget. A budgetary comparison statement has been provided on page 22 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. As of December 31, 2023, assets exceeded liabilities and deferred inflows by \$9,787,890.

The following table provides a summary of the District’s net position:

December 31	2023	2022
<b>Assets:</b>		
Current and other assets	\$13,855,148	\$12,162,698
Capital assets (net)	5,116,649	5,196,991
Leased assets	266,758	258,767
<b>Total Assets</b>	<b>19,238,555</b>	<b>17,618,456</b>
<b>Liabilities:</b>		
Current liabilities	1,389,362	963,549
Long-term liabilities	2,474,155	2,599,062
<b>Total Liabilities</b>	<b>3,863,517</b>	<b>3,562,611</b>
<b>Deferred Inflows of Resources:</b>		
Deferred Property Taxes	5,587,148	4,500,857
<b>Net Position:</b>		
Net investment in capital assets	2,796,251	2,777,557
Restricted – emergencies	153,060	139,377
Unrestricted	6,838,579	6,638,054
<b>Total Net Position</b>	<b>\$ 9,787,890</b>	<b>\$ 9,554,988</b>

A portion of TVHSD’s net position represents unrestricted net position of \$6,838,579 which may be used to meet the District’s ongoing obligations to citizens.

A significant portion of the District’s net position reflects its investment in capital assets. These assets include land, buildings, equipment, and vehicles, net of the debt incurred to purchase the assets. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$153,060 of the District’s net position represents resources that are subject to external restriction on how they may be used. Included in this category is the TABOR emergency reserve.

The following table indicates the changes in net position:

	2023	2022
<b>Revenue:</b>		
Operating revenues:		
Net patient services	\$ 6,032,533	\$ 6,126,236
Other	66,939	60,390
General revenue:		
Property and S.O. taxes	5,089,264	4,420,677
Grants	15,002	241,218
CO EMS supplemental	683,326	557,716
Investment earnings	192,454	37,386
Contributions	-	15,134
<b>Total Revenue</b>	<b>12,079,518</b>	<b>11,458,757</b>
<b>Expenses:</b>		
Operations	11,210,305	10,300,647
Depreciation	567,191	571,355
Interest	69,120	62,977
<b>Total Expenses</b>	<b>11,846,616</b>	<b>10,934,979</b>
<b>Increase in Net Position</b>	<b>\$ 232,902</b>	<b>\$ 523,778</b>

**Business-Type Activities.** Business-type activities increased TVHSD’s net position by \$232,902 in 2023. Key elements of this change are as follows:

- \* Total revenues were similar to 2022. There was a 2% decrease in patient services and a 13% increase in Colorado property tax payments received in 2023. In total revenues increased by \$620,761 and 5%.
- \* Expenses were approximately \$11.8 million, 8% more than 2022. The increase is due primarily to the increases in employee and general operating costs.

## BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes and is on a non-GAAP basis.

Year Ended December 31, 2023	Budget	Actual
Beginning Fund Net Position	\$ 9,554,988	\$ 9,554,988
Revenue	10,096,030	12,079,518
Expenses	(12,700,385)	(11,846,616)
Ending Fund Net Position	\$6,950,633	\$9,787,890

## CAPITAL ASSET ADMINISTRATION

**Capital Assets.** TVHSD's investment in capital assets for its business-type activities as of December 31, 2023, totals \$5,116,649 (net of accumulated depreciation). This investment includes land, buildings, equipment, and vehicles. The total decrease in capital assets for 2023 was \$80,342, due to vehicle and equipment purchases being less than depreciation for the year.

The District elects the straight-line depreciation method for its capital assets, except for land which is not depreciated. Additional information on the District's capital assets can be found in Note 3 to the financial statements.

## DEBT ADMINISTRATION

**Long-term Debt.** At December 31, 2023, the District had long-term debt of \$2,388,234 from certificates of participation, funded from property taxes and patient services. This debt was initially entered into in 2011 for the purpose of constructing a new ambulance station headquarters, maintenance garage, and crew facilities on Clydesdale Parkway in Loveland and refinanced in 2022 for a lower interest rate.

Additional information on the District's debt can be found in Note 4 of the financial statements.

**Lease Liability and Right of Use Assets.** Per updated reporting requirements in GASB Statement No. 87, the District is a lessee for a lease of medical equipment installed in the ambulances along with equipment from Dell. The District recognizes lease liabilities and right of use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Additional information on the District's leases can be found in Note 5 to the financial statements.

## **OTHER MATTERS**

The following factors are expected to have a significant effect on the District's future financial position and results of operations:

- Additional reductions in ambulance reimbursement rates are anticipated. Medicare/Medicaid rates have decreased and private insurance carriers have decreased their reimbursements similarly.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of TVHSD's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 4480 Clydesdale Parkway, Loveland, Colorado 80538 or (970) 663-6025.

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## STATEMENTS OF NET POSITION

December 31	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,557,843	\$ 6,543,117
Patient accounts receivable, net	1,388,938	746,450
Property taxes receivable	5,587,148	4,500,857
Other receivable	112,464	211,193
Prepaid items	208,755	160,699
<b>Total Current Assets</b>	<b>13,855,148</b>	<b>12,162,316</b>
Restricted Assets:		
Cash with fiscal agent	-	382
Capital Assets:		
Land	868,576	868,576
Depreciable Assets	10,606,036	10,211,254
	11,474,612	11,079,830
Less: Accumulated depreciation	(6,357,963)	(5,882,839)
<b>Total Capital Assets</b>	<b>5,116,649</b>	<b>5,196,991</b>
Leased assets - right of use	266,758	258,767
<b>TOTAL ASSETS</b>	<b>\$ 19,238,555</b>	<b>\$ 17,618,456</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 375,259	\$ 71,978
Accrued expenses	810,422	725,546
Lease and COP's - current portion	203,681	166,026
<b>Total Current Liabilities</b>	<b>1,389,362</b>	<b>963,550</b>
Lease liability	175,921	199,600
Certificates of Participation	2,298,234	2,399,461
<b>TOTAL LIABILITIES</b>	<b>\$ 3,863,517</b>	<b>\$ 3,562,611</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenue	\$ 5,587,148	\$ 4,500,857
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,796,251	2,777,557
Restricted - emergencies	153,060	139,377
Unrestricted	6,838,579	6,638,054
<b>TOTAL NET POSITION</b>	<b>\$ 9,787,890</b>	<b>\$ 9,554,988</b>

See Accompanying Notes to Financial Statements.

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION

Years Ended December 31	2023	2022
Operating Revenue:		
Net patient service revenue	\$ 6,032,533	\$ 6,126,236
Other	66,939	60,390
Total Operating Revenue	6,099,472	6,186,626
Operating Expenses:		
Salaries and benefits	8,074,878	7,313,104
Ambulance service operations	1,510,156	1,327,454
Plant operations	319,009	202,900
Bad debt expense	828,051	954,525
Professional fees and insurance	24,617	110,878
Public relations	47,817	40,756
Administration	86,217	82,019
County Treasurer's fee	94,693	82,222
Lease expense	133,313	96,818
Depreciation	567,191	571,355
Total Operating Expenses	11,685,942	10,782,031
Operating Loss	(5,586,470)	(4,595,405)
Nonoperating Revenue (Expenses):		
Property taxes	5,089,264	4,420,677
Grant revenues	15,002	241,218
Grant expenses	(91,554)	(89,971)
CO EMS supplemental revenue	683,326	557,716
Contributions	-	15,134
Interest income	192,454	37,386
Interest expense	(69,120)	(62,977)
Net Nonoperating Revenue	5,819,372	5,119,183
Net Income	232,902	523,778
Net Position, Beginning of Year	9,554,988	9,031,210
Net Position, End of Year	\$ 9,787,890	\$ 9,554,988

See Accompanying Notes to Financial Statements.

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## STATEMENTS OF CASH FLOWS

Years Ended December 31	2023	2022
Cash Flows from Operating Activities:		
Cash received:		
From customers	\$ 5,555,715	\$ 6,317,880
Cash payments:		
To suppliers for goods and services	(2,786,435)	(3,062,345)
To employees	(8,074,878)	(7,313,104)
Net Cash Used by Operating Activities	(5,305,598)	(4,057,569)
Cash Flows from Non-Capital Financing Activities:		
Property taxes	5,089,264	4,420,677
CO EMS Supplemental Revenue	683,326	557,716
Net Cash Provided by Non-Capital Financing Activities	5,772,590	4,978,393
Cash Flows from Capital and Related Financing Activities:		
Acquisition of equipment and improvements	(558,495)	(493,462)
Payments on COP's	(101,227)	(101,226)
Grants received, net	15,002	95,967
Net Cash Used by Capital and Related Financing Activities	(644,720)	(498,721)
Cash Flows from Investing Activities:		
Interest on bank deposits	192,454	37,386
Net Increase in Cash	14,726	459,489
Cash, beginning of year	6,543,117	6,083,628
Cash, end of year	\$ 6,557,843	\$ 6,543,117

### Reconciliation of Operating Loss to Net Cash Used

by Operating Activities:		
Operating loss	\$ (5,586,470)	\$ (4,595,405)
Depreciation	567,191	571,355
Lease amortization	4,490	30,670
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(543,759)	(29,130)
Property tax receivable	(1,086,291)	(362,719)
Prepaid items	(48,056)	(56,290)
Increase (decrease) in:		
Accounts payable	202,054	7,893
Accrued liabilities	98,952	13,338
Property tax deferred inflows	1,086,291	362,719
Net Cash Used by Operating Activities	\$ (5,305,598)	\$ (4,057,569)

See Accompanying Notes to Financial Statements.

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Thompson Valley Health Services District (the District) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

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#### Organization:

Thompson Valley Health Services District (the District) was created by state statute on August 16, 1968 to provide medical services for the District under the name of Loveland Memorial Hospital District. Effective June 30, 1977, Loveland Memorial Hospital District changed its name to Thompson Valley Hospital District. Subsequent to that, effective June 28, 1998, the name changed to Thompson Valley Health Services District, as a quasi-municipal corporation organized under the laws of the State of Colorado. The statutory purpose of such districts is to serve a public use and to promote the health, safety, prosperity, security and general welfare of the inhabitants of the District. The District is governed by a duly-elected Board of Directors (the Board). The Board is responsible for approving the District's budget, contracts and purchases. The governing Board has the statutory right to tax all property within the District and determines when to issue bonds authorized by the District's voters. The District is responsible for financing its deficits and operating deficiencies.

The financial report of the District includes all of the integral parts of the District's operations. The District has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

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#### Basis of Presentation:

Activities of the District are accounted for as an individual enterprise fund. Enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

Enterprise funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Enterprise fund operating statements present increases (revenue) and decreases (expenses) in net total position.

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Basis of Presentation – Continued:

Enterprise funds distinguish *operating* revenues from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges for providing ambulance services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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#### Accounting Method:

Enterprise fund revenue and expenses including nonexchange transactions are recognized on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and becomes measurable; expenses are recognized when liabilities are incurred.

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#### Accounts Receivable:

The District records revenue from ambulance services at standard rates less expected provider contractual adjustments. Receivables are reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts netted against accounts receivable was \$1,388,938 and \$468,218 at December 31, 2023 and 2022, respectively.

The federal Medicare and Colorado Medicaid programs provide approximately 32% of the District's net patient service revenue.

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#### Property and Equipment:

Property and equipment are recorded at acquisition cost or at market value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

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Category	Years
Buildings and improvements	20-40
Furnishings	5-10
Equipment	5

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# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Property and Equipment – Continued:

Expenditures for maintenance and repairs are charged to expense as incurred whereas major property replacements and betterments which extend the useful life of the asset are capitalized and subsequently depreciated. It is the District's policy to capitalize all capital expenditures over \$5,000. When assets are sold or abandoned, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The District has no infrastructure assets.

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#### Budget:

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with generally accepted accounting principles, except that depreciation expense is not budgeted. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Board is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board through a supplemental appropriation resolution. The budget was not amended in 2023.

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#### Compensated Absences:

Employees receive paid time off which can accumulate to specified maximum levels. An accrual of liability is made at year-end and is reported in accrued expenses.

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#### Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in the subsequent year in two installments on February 28 and June 15, or in total on April 30. Property taxes are billed and collected by Larimer County, Colorado, and remitted monthly to the District. Taxes for the following year are levied no later than December 15 and are recorded as a receivable with a corresponding offset to deferred property taxes.

Property tax revenue is reported net of property tax abatements for the year ended December 31, 2023. Numerous tax increment financing districts have been established by municipalities in the District.

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# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Statement of Cash Flows:

For purposes of the statement of cash flows, the District considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

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#### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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### NOTE 2 - Cash and Investments:

The District's bank deposits at year-end were entirely covered by federal depository insurance and the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

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### NOTE 3 – Changes in Capital Assets:

	Balance, 1/1/23	Additions	Deletions	Balance, 12/31/23
Land	\$ 868,576	\$ --	\$ --	\$ 868,576
Ambulance stations	4,257,734	145,290	--	4,403,024
Vehicles	2,772,873	206,673	92,067	2,887,479
Mobile equipment	2,200,232	134,886	--	2,335,118
Furnishings	980,415	--	--	980,415
Total Cost	11,079,830	486,849	92,067	11,474,612
Less Accumulated Depreciation:				
Ambulance stations	1,604,479	117,222	--	1,721,701
Vehicles	1,556,195	274,572	92,067	1,738,700
Mobile equipment	1,907,192	118,143	--	2,025,335
Furnishings	814,973	57,254	--	872,227
Total Accumulated Depreciation	5,882,839	567,191	92,067	6,357,963
Capital Assets, Net	\$ 5,196,991	\$ (80,342)	\$ --	\$ 5,116,649

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 – Changes in Capital Assets– Continued:

	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22
Land	\$ 868,576	\$ --	\$ --	\$ 868,576
Ambulance stations	4,190,174	67,560	--	4,257,734
Vehicles	2,496,007	276,866	--	2,772,873
Mobile equipment	2,068,604	131,628	--	2,200,232
Furnishings	963,007	17,408	--	980,415
<b>Total Cost</b>	<b>10,586,368</b>	<b>493,462</b>	<b>--</b>	<b>11,079,830</b>
Less Accumulated Depreciation:				
Ambulance stations	1,494,007	110,472	--	1,604,479
Vehicles	1,281,760	274,511	--	1,556,271
Mobile equipment	1,800,391	106,725	--	1,907,116
Furnishings	735,326	79,647	--	814,973
<b>Total Accumulated Depreciation</b>	<b>5,311,484</b>	<b>571,355</b>	<b>--</b>	<b>5,882,839</b>
<b>Capital Assets, Net</b>	<b>\$ 5,274,884</b>	<b>\$ (77,893)</b>	<b>\$ --</b>	<b>\$ 5,196,991</b>

### NOTE 4 – Long Term Liabilities:

December 31	2023	2022
\$2,395,000 refunding certificates of participation – 2022, due in varying installments through December 2040, interest at 3.23%	\$ 2,215,000	\$ 2,305,000
COP Premium	173,234	184,461
	<b>\$ 2,388,234</b>	<b>\$ 2,489,461</b>

The annual requirements to repay these certificates as of December 31, 2023, are as follows:

Years Ending December 31	Principal	Interest	Total
2024	\$ 95,000	\$ 75,200	\$ 170,200
2025	100,000	71,400	171,400
2026	105,000	67,400	172,400
2027	105,000	63,200	168,200
2028	110,000	59,000	169,000
2029 - 2033	625,000	226,300	851,300
2034 - 2038	740,000	118,350	858,350
2039 - 2040	335,000	15,150	350,150
	<b>\$2,215,00</b>	<b>\$696,000</b>	<b>\$2,911,000</b>

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Long Term Liabilities – Continued:

Changes in long-term liabilities during the year were as follows:

	Balance, 1/01/23	Additions	Deductions	Balance, 12/31/23	Due Within One Year
COP's	\$ 2,305,000	\$ --	\$ 90,000	\$ 2,215,000	\$ 95,000
Premium	184,461	--	11,227	173,234	--
Total	\$ 2,489,461	\$ --	\$ 101,227	\$ 2,388,234	\$ 95,000

On December 1, 2022, the District advance refunded and defeased \$2,840,000 of COP's, Series 2010 dated October 21, 2010 with an average interest rate of 5.0% by the issuance of \$2,395,000 COP's, Series 2023 dated December 1, 2023 with an average interest rate of 3.23%.

The District reduced its aggregate debt service payments by almost \$1,159,675 over the next 18 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$663,314. The District incurred a cost on refunding in the amount of \$67,033, which was charged to operations in 2022.

### NOTE 5 – Lease Liability and Right of Use Assets:

The District is a lessee for medical equipment installed in ambulances. The District recognizes lease liabilities and intangible right-of-use lease assets (lease assets) in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases, or 5%.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise.

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 – Lease Liability and Right of Use Assets - Continued:

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Changes in right of use assets during the year were as follows:

	Balance, 1/01/2023	Additions	Deductions	Balance, 12/31/23
Leased Assets:				
Medical Equipment	\$258,767	\$ --	\$ 77,630	\$ 181,137
Dell equipment	--	106,624	21,003	85,621
<b>Total</b>	<b>\$258,767</b>	<b>\$ 106,624</b>	<b>\$ 98,633</b>	<b>\$ 266,758</b>

Changes in lease liabilities during the year were as follows:

	Balance, 1/01/23	Additions	Deductions	Balance, 12/31/23	Due Within One Year
Lease Liability:					
Medical Equipment	\$ 275,627	\$ --	\$ 76,313	\$ 199,314	\$ 79,842
Dell Equipment	--	106,624	16,336	90,288	33,839
<b>Total</b>	<b>\$ 275,627</b>	<b>\$ 106,624</b>	<b>\$ 92,649</b>	<b>\$ 289,602</b>	<b>\$ 113,681</b>

The annual requirements to pay the medical equipment lease as of December 31, 2023, are as follows:

Years Ending December 31	Principal	Interest	Total
2024	\$ 79,842	\$ 7,384	\$ 87,226
2025	83,535	3,692	87,227
2026	35,937	407	36,344
<b>Total</b>	<b>\$ 199,314</b>	<b>\$ 11,484</b>	<b>\$ 210,797</b>

# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Lease Liability and Right of Use Assets - Continued:

The annual requirements to pay the Dell equipment lease as of December 31, 2023, are as follows:

Years Ending December 31	Principal	Interest	Total
2024	\$ 33,839	\$ 1,991	\$ 35,830
2025	34,749	1,080	35,829
2026	21,700	157	21,857
Total	\$ 90,288	\$ 3,228	\$ 93,516

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### NOTE 6 – Deferred Compensation Plan:

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administrated by Empower Retirement. The District has the authority to establish and amend the plan provisions. The plan, available to all full-time District employees, permits them to defer a portion of their salaries until future years. All amounts of compensation deferred; all property and rights purchased; and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries. The District also contributes to the Section 457 deferred compensation plan. Employees contributed \$180,308 and \$168,183 for the years ended December 31, 2023 and 2022, respectively, and the District contributed \$99,310 and \$108,463 for the years ended December 31, 2023 and 2022, respectively.

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### NOTE 7 – Retirement Plan:

The District's retirement plan is administrated by Empower Retirement. The Plan is a defined contribution retirement plan, which provides retirement benefits for all full-time permanent employees. The District has the authority to establish and amend the plan provisions. The District contributed \$126,739 and \$114,331 for the years ended December 31, 2023 and 2022, respectively, equal to 3.0% of the permanent full-time employees' gross salaries, who also had a 3.0% required contribution of \$126,739 and \$114,331, respectively. Employees become 33.3% vested in the District's contribution each full year of employment and become fully vested after three full years of employment. Forfeitures have not been material to the financial statements.

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# THOMPSON VALLEY HEALTH SERVICES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8 – Commitments and Contingencies:**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased through the Colorado Special Districts Property and Liability Pool. Claims have not exceeded coverage in the last three years.

The District contracts with the City of Loveland for dispatch services. On December 28, 2010, the District signed a one-year contract with automatic renewal for one-year periods up to and including January 1, 2023. The commitment under the contract totaled \$257,403 and \$252,429 in 2023 and 2022, respectively. The renewal fee for each year is based on 102.5% of the prior year's amount.

In 1992, the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, such as ambulance, and federal funds.

The District believes it is in compliance with the requirements of TABOR. In 1999 the voters of the District removed the spending limitations imposed by TABOR and allowed the District to retain and expend all revenue received.

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**THOMPSON VALLEY HEALTH SERVICES DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND NET POSITION-BUDGET TO ACTUAL - NON-GAAP BASIS**

Year Ended December 31, 2023	Actual	Final Budget	Variance
<b>Operating Revenues:</b>			
Gross patient service revenue	\$ 11,751,903	\$ 10,525,000	\$ 1,226,903
Contractual adjustments	(5,719,370)	(6,053,000)	333,630
Other revenue	66,939	54,650	12,289
<b>Total Operating Revenues</b>	<b>6,099,472</b>	<b>4,526,650</b>	<b>1,572,822</b>
<b>Operating Expenses:</b>			
Salaries and wages	8,074,878	8,759,498	684,620
Ambulance service operations	1,510,156	1,599,429	89,273
Plant operations	319,009	280,000	(39,009)
Bad debt expense	828,051	630,000	(198,051)
Professional fees and insurance	24,617	185,000	160,383
Public relations	47,817	40,000	(7,817)
Administration	86,217	112,250	26,033
County Treasurer's fee	94,693	126,480	31,787
Lease expense	133,313	87,228	(46,085)
Capital outlay	486,849	650,000	163,151
<b>Total Operating Expenses</b>	<b>11,605,600</b>	<b>12,469,885</b>	<b>864,285</b>
<b>Operating Loss</b>	<b>(5,506,128)</b>	<b>(7,943,235)</b>	<b>2,437,107</b>
<b>Nonoperating Revenue (Expense):</b>			
Property taxes	5,089,264	4,754,130	335,134
Grant revenues	15,002	185,000	(169,998)
Program/grant expense	(91,554)	(88,500)	(3,054)
CO EMS supplemental revenue	683,326	500,000	183,326
Interest expense	(69,120)	(142,000)	72,880
Contributions	-	250	(250)
Gain (loss) on disposal of assets	-	15,000	(15,000)
Interest income	192,454	115,000	77,454
<b>Total Nonoperating Revenue</b>	<b>5,819,372</b>	<b>5,338,880</b>	<b>480,492</b>
<b>Net Income (Loss), Non-GAAP Budget Basis</b>	<b>313,244</b>	<b>\$ (2,604,355)</b>	<b>\$ 2,917,599</b>
<b>Reconciliation of Revenue Over</b>			
<b>Expenditures To Changes in Net Position:</b>			
Capital outlay	486,849		
Depreciation and amortization	(567,191)		
<b>Net Income, GAAP Basis</b>	<b>\$ 232,902</b>		