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Trinidad Ambulance District

INDEPENDENT AUDITOR'S REPORT
ON GASB FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

<u>**Independent Auditor:**</u>
George Dimov, CPA
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Contents

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trinidad Ambulance District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund of Trinidad Ambulance District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the District as of December 31, 2025, and the respective changes in financial position, the budgetary comparison for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) issued by the AICPA. 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 relevant ethical requirements of the AICPA Code of Professional Conduct. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter - Prior-Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the District as of December 31, 2024, and for the year then ended were audited by other auditors, whose report dated September 24, 2025, expressed unmodified opinions on those financial statements.

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 for one year after the date the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 internal control of the District. 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 ability of the District 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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary budgetary information is presented for purposes of additional analysis and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

George Dimov, CPA
New York, NY
August 17, 2026

STATEMENT OF NET POSITION
as of December 31, 2025

	Governmental 2025	Governmental 2024*	Business-Type 2025	Business-Type 2024*	Total 2025	Total 2024*
ASSETS						
Cash and investments	2,015,013	1,853,368	1,716,755	1,722,322	3,731,768	3,575,690
Cash and investments - restricted	159,500	159,500	132,000	93,090	291,500	252,590
Receivable from County Treasurer	-	78,442	-	-	-	78,442
Accounts receivable, net	29,530	17,485	548,344	662,100	577,874	679,585
Grants receivable	-	144,698	-	-	-	144,698
Property taxes receivable	1,178,495	1,061,197	-	-	1,178,495	1,061,197
Inventories	-	-	50,900	94,130	50,900	94,130
Due from governmental activities	-	-	-	241,375	-	241,375
Due from business-type activities	775,089	996,469	-	-	-	996,469
Prepaid expenses	9,326	30,895	-	-	9,326	30,895
Capital assets, non-depreciable	214,371	214,371	-	-	214,371	214,371
Capital assets, net	5,712,368	5,944,740	676,868	608,176	6,389,235	6,552,916
Total assets	**10,093,692**	**10,501,165**	**3,124,866**	**3,421,193**	**12,443,468**	**13,922,358**
LIABILITIES						
Accounts payable	36,982	310,433	9,864	41,600	46,846	352,033
Accrued interest	-	-	33,608	33,852	33,608	33,852
Due to governmental activities	-	-	775,089	996,469	-	996,469
Due to business-type activities	-	241,375	-	-	-	241,375
Accrued wages and benefits	8,245	7,785	25,804	26,114	34,049	33,899
Accrued compensated absences	33,002	63,039	18,258	47,406	51,260	110,445
Security deposits held	-	-	10,845	-	10,845	-
Other current liabilities	40,563	-	-	-	40,563	-
Series 2024 Revenue Bond	-	-	3,141,897	3,207,000	3,141,897	3,207,000
Total liabilities	**118,792**	**622,632**	**4,015,365**	**4,352,441**	**3,359,068**	**4,975,073**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF NET POSITION (CONTINUED)

	Governmental 2025	Governmental 2024*	Business-Type 2025	Business-Type 2024*	Total 2025	Total 2024*
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	1,178,495	1,061,197	-	-	1,178,495	1,061,197
Deferred inflows - leases	-		155,129		155,129	
Total deferred inflows of resources	**1,178,495**	**1,061,197**	**155,129**	**-**	**1,333,624**	**1,061,197**
NET POSITION						
Net investment in capital assets	**5,926,739**	(1,200,362)	**(2,465,029)**	(1,526,004)	**3,461,710**	(2,726,366)
Restricted:						
Emergency reserve	159,500	159,500	-	-	159,500	159,500
Bond account reserve	-	-	69,015	68,892	69,015	68,892
Debt reserve	-	-	27,557	13,778	27,557	13,778
Capital reserve	-	-	35,428	10,420	35,428	10,420
Unrestricted	2,710,166	9,858,198	1,287,402	501,666	3,997,568	10,359,864
Total net position	**8,796,405**	**8,817,336**	**(1,045,627)**	**(931,248)**	**7,750,777**	**7,886,088**

* FY2024 issued comparative - prior auditor.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF ACTIVITIES

for the year ended December 31, 2025

FY2025

FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities - General government	1,321,319	23,493	12,402	-	(1,285,424)	-	(1,285,424)
Business-type activities - Transportation revenue fund	1,474,422	1,309,977	-	-	-	(164,445)	(164,445)
Total primary government	**2,795,741**	**1,333,470**	**12,402**	**-**	**(1,285,424)**	**(164,445)**	**(1,449,870)**
GENERAL REVENUES, TRANSFERS, AND IMPAIRMENT LOSS							
Other income					13,648	26,049	39,697
Property taxes					1,008,266	-	1,008,266
Specific ownership taxes					193,170	-	193,170
Investment income					26,909	24,017	50,926
Transfers, net					-	-	-
Impairment loss					-	-	-
Gain on disposal of capital asset					22,500	-	22,500
Total general revenues, transfers, and impairment loss					**1,264,493**	**50,066**	**1,314,559**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF ACTIVITIES - FY2025 (CONTINUED)

FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Change in net position					**(20,931)**	**(114,379)**	**(135,311)**
Net position, beginning of year					**8,817,336**	**(931,248)**	**7,886,088**
Net position, end of year					**8,796,405**	**(1,045,627)**	**7,750,777**

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The independent auditor's report is on pages 3–5.

FY2024 ISSUED COMPARATIVE - PRIOR AUDITOR

FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities - General government	1,426,055	27,907	594,372	-	(803,776)	-	(803,776)
Business-type activities - Transportation revenue fund	1,424,649	1,754,386	-	-	-	329,737	329,737
Total primary government	**2,850,704**	**1,782,293**	**594,372**	**-**	**(803,776)**	**329,737**	**(474,039)**
GENERAL REVENUES, TRANSFERS, AND IMPAIRMENT LOSS							
Other income					17,206	3,215	20,421
Property taxes					1,432,801	-	1,432,801
Specific ownership taxes					200,273	-	200,273
Investment income					26,105	4,055	30,160
Transfers, net					2,855,121	(2,855,121)	-
Impairment loss					(44,988)	-	(44,988)
Gain on disposal of capital asset					-	-	-
Total general revenues, transfers, and impairment loss					**4,486,518**	**(2,847,851)**	**1,638,667**
Change in net position					**3,682,742**	**(2,518,114)**	**1,164,628**
Net position, beginning of year					**5,134,594**	**1,586,866**	**6,721,460**
Net position, end of year					**8,817,336**	**(931,248)**	**7,886,088**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

BALANCE SHEET - GOVERNMENTAL FUND
as of December 31, 2025

	2025	2024*
ASSETS		
Cash and investments	2,015,013	1,853,368
Cash and investments - restricted	159,500	159,500
Receivable from County Treasurer	-	78,442
Accounts receivable, net	29,530	17,485
Grants receivable	-	144,698
Due from transportation revenue fund	775,089	996,469
Property taxes receivable	1,178,495	1,061,197
Prepaid expenses	9,326	30,895
Total assets	**4,166,953**	**4,342,054**
LIABILITIES		
Accounts payable	36,982	310,433
Due to transportation revenue fund	-	241,375
Accrued wages and benefits	8,245	7,785
Other current liabilities	40,563	-
Total liabilities	**85,790**	**559,593**
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	1,178,495	1,061,197
Total deferred inflows of resources	**1,178,495**	**1,061,197**
FUND BALANCE		
Nonspendable		
Prepaid expenses	9,326	30,895
Restricted for:		
Emergency reserve	159,500	159,500
Unassigned:		
Unrestricted	2,733,842	2,530,869
Total fund balance	**2,902,668**	**2,721,264**
Total liabilities, deferred inflows of resources, and fund balance	**4,166,953**	**4,342,054**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

GOVERNMENTAL FUND BALANCE SHEET AND RECONCILIATION (CONTINUED)

	2025	2024*
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, non-depreciable	214,371	214,371
Capital assets, net	5,712,368	5,944,740
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences	(33,002)	(63,039)
Net position of governmental activities	**8,796,405**	**8,817,336**

* FY2024 issued comparative - prior auditor.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

for the year ended December 31, 2025

	2025	2024*
REVENUES		
Property taxes	1,008,266	1,432,801
Specific ownership taxes	193,170	200,273
Grants	12,402	594,372
Services	23,493	27,907
Other income	13,648	17,206
Investment income	26,909	26,105
Total revenues	**1,277,888**	**2,298,664**
EXPENDITURES		
General government:		
Bank fees	130	637
Capital outlay	1,200	1,810,821
Communications	1,198	17,335
Computer equipment	10,705	4,924
Contract services	6,102	261
County Treasurer fees	19,596	25,968
Directors fees	4,400	1,900
Dues and subscriptions	11,908	16,953
Election	-	1,310
Insurance	223,634	208,294
Licenses and permits	1,739	3,081
Miscellaneous expenses	43,260	85,285
Office expense	20,124	25,410
Professional fees	163,074	190,162
Public relations	414	250
Repairs and maintenance	86,710	29,642
Salaries and benefits	327,303	382,126
Supplies	105,950	92,054
TIF expense	1,605	3,514
Training and education	32,186	25,888
Travel	4,790	2,017
Utilities	52,956	50,225
Debt service:		
Interest payment on short-term construction loan	-	87,645
Principal payment on short-term construction loan	-	2,249,515
Total expenditures	**1,118,984**	**5,315,217**
Excess (deficiency) of revenues over expenditures	**158,904**	**(3,016,553)**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

GOVERNMENTAL FUND OPERATIONS (CONTINUED)

	2025	2024*
OTHER FINANCING SOURCES AND USES		
Insurance recovery proceeds	-	282,817
Proceeds from short-term construction loan	-	1,159,313
Transfer from transportation revenue fund, net	-	2,855,121
Proceeds from sale of capital asset	22,500	-
Total other financing sources and uses	**22,500**	**4,297,251**
Net change in fund balance	**181,404**	**1,280,698**
Fund balance, beginning of year	2,721,264	1,440,566
Fund balance, end of year	**2,902,668**	**2,721,264**

* FY2024 issued comparative - prior auditor.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

for the year ended December 31, 2025

	2025	2024*
Net change in fund balance	**181,404**	**1,280,698**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is capitalized and depreciation is reported over the estimated useful lives of the assets. Current-period reconciling items are:		
Capital outlay	1,200	1,810,821
Depreciation	(218,607)	(150,919)
Building-cost refund recorded in governmental funds and applied as a reduction of capital-asset cost	(14,966)	-
Impairment of capital assets	-	(327,805)
Prior-year loss on disposal or reclassification of assets	-	(11,758)
Issuance of long-term debt provides current financial resources to governmental funds, while repayment consumes current financial resources. Neither transaction is reported as revenue or expense in the statement of activities:		
Proceeds from short-term construction loan	-	(1,159,313)
Principal payment on short-term construction loan	-	2,249,515
Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences - governmental activities	30,038	(8,497)
Change in net position of governmental activities	**(20,931)**	**3,682,742**

* FY2024 issued comparative - prior auditor.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)

for the year ended December 31, 2025

FY2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Property-related revenues, net	1,056,797	1,056,797	1,008,266	(48,531)
Specific ownership taxes	160,000	160,000	193,170	33,170
Investment income	1,000	1,000	26,909	25,909
Grants	10,000	10,000	12,402	2,402
Other income and services	-	-	37,141	37,141
Total revenues	**1,227,797**	**1,227,797**	**1,277,888**	**50,091**
EXPENDITURES - GENERAL GOVERNMENT				
Payroll	455,243	455,243	327,303	127,940
Operating expenditures	570,750	570,750	790,481	(219,731)
Capital outlay / contingency	201,556	201,556	1,200	200,356
Total expenditures	**1,227,549**	**1,227,549**	**1,118,984**	**108,565**
Excess of revenues over expenditures	**248**	**248**	**158,904**	**158,656**
OTHER FINANCING SOURCES				
Sale / trade-in proceeds	-	-	22,500	22,500
Total other financing sources	**-**	**-**	**22,500**	**22,500**
Net change in fund balance	**248**	**248**	**181,404**	**181,156**
Fund balance, beginning of year - budget estimate / actual	5,431,081	5,431,081	2,721,264	(2,709,817)
Fund balance, end of year - budget estimate / actual	**5,431,329**	**5,431,329**	**2,902,668**	**(2,528,661)**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

FY2024 ISSUED COMPARATIVE - PRIOR AUDITOR

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes		1,432,801	1,432,801	-
Specific ownership taxes		200,273	200,273	-
Grants		594,373	594,372	(1)
Services		27,907	27,907	-
Other income		17,206	17,206	-
Investment income		1,254	26,105	24,851
Total revenues		**2,273,814**	**2,298,664**	**24,850**
EXPENDITURES - GENERAL GOVERNMENT				
Bank fees		637	637	-
Capital outlay		2,291,018	1,810,821	480,197
Communications		17,335	17,335	-
Computer equipment		4,924	4,924	-
Contract services		261	261	-
County Treasurer fees		25,968	25,968	-
Directors fees		1,900	1,900	-
Dues and subscriptions		16,953	16,953	-
Election		1,310	1,310	-
Insurance		208,294	208,294	-
Licenses and permits		3,081	3,081	-
Miscellaneous expenses		85,285	85,285	-
Office expense		25,410	25,410	-
Professional fees		190,162	190,162	-
Public relations		250	250	-
Repairs and maintenance		29,642	29,642	-
Salaries and benefits		382,126	382,126	-

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

FY2024 ISSUED COMPARATIVE - PRIOR AUDITOR (CONTINUED)

	Original Budget	Final Budget	Actual	Variance
Supplies		92,054	92,054	-
TIF expense		3,514	3,514	-
Training and education		25,888	25,888	-
Travel		2,017	2,017	-
Utilities		50,226	50,225	1
Interest payment on short-term construction loan		87,645	87,645	-
Principal payment on short-term construction loan		2,249,515	2,249,515	-
Total expenditures		**5,795,415**	**5,315,217**	**480,198**
Excess of revenues over expenditures		**(3,521,601)**	**(3,016,553)**	**505,048**
OTHER FINANCING SOURCES AND USES				
Insurance recovery proceeds		282,817	282,817	-
Proceeds from short-term construction loan		1,159,313	1,159,313	-
Transfer from transportation revenue fund, net		4,000,000	2,855,121	(1,144,879)
Sale / recovery proceeds - current-year presentation				
Total other financing sources and uses		**5,442,130**	**4,297,251**	**(1,144,879)**
Net change in fund balance		**1,920,529**	**1,280,698**	**(639,831)**
Fund balance, beginning of year			1,440,566	
Fund balance, end of year			**2,721,264**	

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF NET POSITION - PROPRIETARY FUND
as of December 31, 2025

	2025	2024*
ASSETS		
Cash and investments	1,716,755	1,722,322
Cash and investments - restricted	132,000	93,090
Accounts receivable, net	548,344	662,100
Inventories	50,900	94,130
Capital assets, net	676,868	608,176
Total assets	**3,124,866**	**3,421,193**
LIABILITIES		
Accounts payable	9,864	41,600
Accrued interest	33,608	33,852
Due to governmental activities	775,089	996,469
Accrued wages and benefits	25,804	26,114
Accrued compensated absences	18,258	47,406
Refundable tenant security deposit	10,845	-
Series 2024 Revenue Bond	3,141,897	3,207,000
Total liabilities	**4,015,365**	**4,352,441**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - leases	155,129	-
Total deferred inflows of resources	**155,129**	**-**
NET POSITION		
Net investment in capital assets	**(2,465,029)**	(1,526,004)
Restricted	132,000	93,090
Unrestricted	1,287,402	501,666
Total net position	**(1,045,627)**	**(931,248)**

* FY2024 issued comparative - prior auditor.

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The independent auditor's report is on pages 3–5.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

for the year ended December 31, 2025

	2025	2024*
OPERATING REVENUES		
Charge for services	1,309,977	1,754,386
Total operating revenues	**1,309,977**	**1,754,386**
OPERATING EXPENSES		
Contract services	39,292	2,249
Depreciation	198,539	157,341
Loss on disposal of capital assets	-	8,709
Medical supplies	43,231	74,118
Miscellaneous expenses	7,679	2,134
Professional fees	34,054	2,035
Salaries and benefits	1,002,890	984,170
Vehicles	76,055	160,041
Total operating expenses	**1,401,739**	**1,390,797**
Net operating gain (loss)	(91,763)	363,589
NON-OPERATING REVENUES (EXPENSES)		
Interest income	24,017	4,055
Interest expense	(72,683)	(33,852)
Lease-related revenue and other income	26,049	3,215
Transfer to governmental activities, net	-	(2,855,121)
Total non-operating revenues (expenses)	**(22,617)**	**(2,881,703)**
Change in net position	**(114,379)**	**(2,518,114)**
Net position, beginning of year	**(931,248)**	**1,586,866**
Net position, end of year	**(1,045,627)**	**(931,248)**

* FY2024 issued comparative - prior auditor.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

for the year ended December 31, 2025

	2025	2024*
CASH FLOWS FROM OPERATING ACTIVITIES		
Ambulance customer receipts	1,598,118	1,359,810
Additional Rent reimbursements	1,000	-
Cash paid to suppliers and for goods and services	(188,700)	(223,724)
Payments to employees	(1,031,671)	(992,961)
Refundable tenant security deposit received	10,845	-
Net cash flows from operating activities	389,592	143,125
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Collection of advance from governmental activities	241,375	(1,858,652)
Repayment of advance to governmental activities	(221,380)	
Net cash flows from noncapital financing activities	19,995	(1,858,652)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(267,230)	(480,198)
Proceeds from Series 2024 Revenue Bond	-	3,207,000
Principal paid on Series 2024 Revenue Bond	(65,103)	-
Interest paid	(72,927)	-
Base lease payments received	5,000	-
Net cash flows from capital and related financing activities	(400,260)	2,726,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	24,016	4,055
Net cash flows from investing activities	24,016	4,055

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)

	2025	2024*
Net change in cash	**33,343**	**1,015,330**
Cash and investments, beginning of year	1,815,412	800,082
Cash and investments, end of year	1,848,755	1,815,412

RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating gain (loss)	(91,763)	363,589
Adjustments to reconcile operating gain (loss) to net cash flows from operating activities:		
Depreciation	198,539	157,341
Loss on disposal of capital assets	-	8,709
Additional Rent revenue classified as nonoperating	1,028	3,215
Net change in operating assets and liabilities:		
Operating accounts receivable, net	288,933	(156,416)
Additional Rent receivable	(28)	-
Inventory	43,231	(7,136)
Accounts payable	(31,735)	23,989
Accrued wages and benefits	584	4,070
Accrued compensated absences	(29,148)	(12,861)
Retirement plan payable	(894)	-
Security deposit liability	10,845	-
Due from governmental activities	-	(241,375)
Net cash flows from operating activities	389,592	143,125

* FY2024 issued comparative - prior auditor.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2025
US Dollars

NOTE 1 - DEFINITION OF REPORTING ENTITY

Trinidad Ambulance District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, 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. The District's service area is located in Las Animas County, Colorado ("County").

The District follows Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization.

Effective January 1, 2024, the District established governmental activities for the purpose of separating general activity from the activities of the ambulance services provided by the District. Effective August 1, 2024, the District formally established the Trinidad Ambulance District Transportation Enterprise ("Enterprise"). District management applied the establishment of the Enterprise for accounting purposes effective January 1, 2024. As a result, balances previously accounted for in the District's business-type activities were allocated to governmental activities as of January 1, 2024.

During the year ended December 31, 2023, the District resolved to operate as a health service district. As of December 31, 2025, the County had not approved the District's new structure; therefore, the District was not operating as a health service district.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Material interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities are normally supported by grants and intergovernmental revenues, and business-type activities which rely to a significant extent on fees and charges for support. The statement of net position reports all financial and capital resources of the District. The difference between the assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported as general revenues. Separate financial statements are provided for the governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Measurement focus, basis of accounting, and financial statement presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants as defined in the following paragraph. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due. Intergovernmental revenues, grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the District. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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 or capital contributions.

The District reports the following major governmental fund: The general fund accounts for all financial resources of the District except those required to be accounted for in another fund.

The District reports the following major proprietary fund:

The transportation revenue fund accounts for the activities of the ambulance services provided by the District.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses level, and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The FY2025 schedules present the adopted District and Transportation Enterprise budgets. The legally controlling Transportation Enterprise expenditure appropriation was $1,720,320.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average balance.

Property taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

Property taxes, net of estimated uncollectible amounts, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property taxes are recognized as revenues in the year they become available or are collected.

Accounts receivable

The District reports service and other receivables at net realizable amounts. At December 31, 2025, service and other receivables before the allowance were $1,749,711.55; the allowance for uncollectible accounts was $1,376,545.00; and net service and other receivables were $373,166.55. Lease-related receivables were $175,177.83, resulting in total net accounts receivable of $548,344.38. Gross service revenue was $2,135,622.27, the provision for bad debts was $825,645.53, and charges for services presented in the statement of activities were $1,309,976.74. Because ambulance transportation, rather than property leasing, is the Transportation Enterprise's principal ongoing operation, lease-related revenue is reported as nonoperating revenue in the proprietary fund statement and as Other income in the statement of activities. Lease measurement is described in Note 12.

Grants receivable

Grants receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.

Inventory

Inventory consists of medical supplies and is stated at the lower of cost or market value using the first-in, first-out method. Inventory is recorded as an expense when consumed.

Inventory at December 31, 2025 was $50,898.58.

Capital assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental-activities or business-type-activities column in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than $1,000 and a useful life greater than one year.

Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 5 to 40 years. Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable assets, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is reflected in revenues or expenses.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

Compensated absences

Employees earn paid time off in varying amounts depending upon employee classification and years of service. The District accrues compensated absences in the government-wide and proprietary fund financial statements. A liability for the amount is reported in governmental funds only when it is due, for example as a result of employee resignations and retirements.

As of December 31, 2025, the compensated absences liability was $51,259.23. The liability decreased $59,185.77 during the year ended December 31, 2025.

Deferred inflows of resources

In addition to liabilities, the District reports deferred inflows of resources. Property taxes are deferred and recognized as revenues when they become available under the District's revenue-recognition policy. For the 939 Robinson Avenue lessor arrangement, the deferred inflow is recognized as lease revenue over the lease term.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

Interfund balances and transfers

The District reports interfund balances that are representative of lending and borrowing arrangements between funds as due to other funds and due from other funds, respectively. Transfers are reported separately from interfund balances. Reciprocal interfund balances and transfers are eliminated in the District-wide financial statements, except for interfund services provided and used. FY2025 balances, purposes, repayment terms and transfer activity are presented in Note 6.

Net position and fund balances

Net position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints: The nonspendable fund balance is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The restricted fund balance is the portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation. The committed fund balance is the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

The assigned fund balance is the portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

The unassigned fund balance is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Use of estimates

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

New accounting pronouncements

Effective for the year ended December 31, 2025, the District implemented GASB Statement No. 102, Certain Risk Disclosures. Implementation did not change recognition or measurement of amounts in the financial statements.

GASB Statements No. 103 and No. 104 are effective for the District's fiscal year beginning January 1, 2026 unless early implemented. The District has not documented early implementation for FY2025.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

FY2025 cash and investments

Statement of net position	Amount
Cash and investments	$3,731,768
Cash and investments – restricted	$291,500
Total cash and investments	**$4,023,268**

The carrying amounts of cash and investments as of December 31, 2025 are as follows:

FY2025 cash and investment carrying amounts

Carrying amount	Amount
Deposits with financial institutions	$4,022,993
Cash on hand	$275
Total cash and investments	**$4,023,268**

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires local-government deposits in eligible public depositories to be insured or collateralized as prescribed by state law. At December 31, 2025, the bank balance was $4,022,255.90, the carrying amount of deposits was $4,022,993.20, cash on hand was $275.22, and total cash and investments was $4,023,268.42.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

1. Obligations of the US, certain US government agency securities, and securities of the World Bank
2. General obligation and revenue bonds of US local government entities
3. Certain certificates of participation
4. Certain securities lending agreements
5. Bankers' acceptances of certain banks
6. Commercial paper
7. Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
8. Certificates of deposit in Colorado PDPA approved banks or savings banks
9. Certain money market funds
10. Guaranteed investment contracts
11. Local government investment pools

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. US government securities explicitly or implicitly guaranteed by the US government are not considered to have credit risk exposure, including US Treasury bills, US Treasury notes, or obligations of

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the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

As of December 31, 2025, the District did not have any investments.

Restricted cash and net position at December 31, 2025

Restricted cash / net position	Governmental	Business-type	Total
Emergency reserve	$159,500	-	$159,500
Bond account reserve	-	$69,015	$69,015
Debt reserve	-	$27,557	$27,557
Capital reserve	-	$35,428	$35,428
Total restricted	**$159,500**	**$132,000**	**$291,500**

NOTE 4 - CAPITAL ASSETS

Capital asset policy

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental-activities or business-type-activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $1,000 and a useful life greater than one year. Assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 40 years. Maintenance and repairs are charged to expense as incurred. At retirement or disposition, the related cost and accumulated depreciation are removed and any resulting gain or loss is reported in the statement of activities.

Capital asset activity for the year ended December 31, 2025, is as follows:

FY2025 governmental capital asset activity

Asset class	01-01-25	Additions	Cost reductions	Depreciation	12-31-25
Building	$6,260,941.00	-	$(14,965.50)	-	$6,245,975.50
Equipment	284,285.00	-	-	-	284,285.00
Vehicles	539,483.00	-	-	-	539,483.00
Radio and communication equipment	202,751.00	1,200.00	-	-	203,951.00
Furniture and fixtures	95,019.00	-	-	-	95,019.00
Total depreciable cost	7,382,479.00	1,200.00	$(14,965.50)	-	7,368,713.50
Less accumulated depreciation	$(1,437,739.00)	-	-	$(218,606.59)	$(1,656,345.59)
Net depreciable	5,944,740.00	1,200.00	$(14,965.50)	$(218,606.59)	5,712,367.91
Land	214,371.00	-	-	-	214,371.00
Construction in progress	-	-	-	-	-
Total nondepreciable	214,371.00	-	-	-	214,371.00
Governmental total	**$6,159,111.00**	**$1,200.00**	**$(14,965.50)**	**$(218,606.59)**	**$5,926,738.91**

FY2025 business-type capital asset activity

Asset class	01-01-25	Additions	Deductions	Depreciation	12-31-25
Vehicles	$1,274,929.00	-	-	-	$1,274,929.00
Radio and medical equipment	859,251.00	-	-	-	859,251.00
Software	-	1,485.00	-	-	1,485.00
Building improvements - roof	-	265,745.09	-	-	265,745.09
Total depreciable cost	2,134,180.00	267,230.09	-	-	2,401,410.09
Less accumulated depreciation	$(1,526,004.00)	-	-	$(198,538.58)	$(1,724,542.58)
Business-type capital assets, net	**$608,176.00**	**$267,230.09**	**-**	**$(198,538.58)**	**$676,867.51**

Governmental capital-asset cost ended at $7,583,084.50. Accumulated depreciation ended at $1,656,345.59 and net capital assets ended at $5,926,738.91.

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

Business-type capital-asset cost ended at $2,401,410.09. FY2025 additions consisted of $1,485.00 of software and $265,745.09 of roof replacement and significant building components. Interior ceiling repairs of $3,135.66 and a separate $100 building repair were expensed. The roof replacement was substantially completed and placed in service on March 31, 2025. FY2025 roof depreciation of $9,965.44 was recognized for April through December using a 20-year straight-line useful life. Accumulated depreciation ended at $1,724,542.58, and net capital assets were $676,867.51.

During FY2025, the District disposed of fully depreciated equipment and received trade-in consideration of $22,500, resulting in a gain of $22,500. Governmental capital-asset activity also includes a $1,200 communications-system addition and a $14,965.50 reduction of building cost related to a vendor refund.

NOTE 5 - LONG-TERM OBLIGATIONS

Long-term obligations at December 31, 2025

Liability	December 31, 2025	Due within one year	Long-term / noncurrent
Governmental compensated absences	$33,001.54	-	$33,001.54
Business-type compensated absences	18,257.69	-	18,257.69
Refundable tenant security deposit	10,845.00	-	10,845.00
Series 2024 Revenue Bond	3,141,896.66	65,591.28	3,076,305.38
Total obligations	**$3,204,000.89**	**$65,591.28**	**$3,138,409.61**

Series 2024 Revenue Bond

On August 1, 2024, the District issued the Series 2024 Revenue Bond to the United States of America, acting through Rural Development, to finance transportation facilities. The original principal amount was $3,207,000 and the fixed interest rate is 2.5%. USDA subsequently established semiannual principal and interest payments of $69,015, or $138,030 annually. The executed bond matures on July 25, 2059. During FY2025, principal payments of $65,103.34 reduced the outstanding principal to $3,141,896.66. The amount due within one year is $65,591.28. Accrued interest payable at December 31, 2025 was $33,607.60.

The bond is secured by special revenues of the Transportation Enterprise and by reserve requirements in Resolution 2024-0002. The Resolution's debt-service-reserve accumulation uses the original $137,784 annual debt-service base: $13,778.40 is funded annually until the reserve reaches $137,784. This reserve formula is separate from the revised $69,015 semiannual USDA cash payment. At December 31, 2025, restricted balances were $69,015.00 in the bond account, $27,556.80 in the debt-service reserve, and $35,428.00 in the capital replacement reserve, totaling $131,999.80.

Pledged revenues

The principal of and interest on the Series 2024 Bond are payable only from the revenues derived from the operation of the District's enterprise after deduction of operations and maintenance costs in amounts sufficient to pay the principal of and interest on the Series 2024 Bond when the same becomes due and payable.

Using the Net Revenue definition in the executed Resolution, FY2025 debt-service coverage was approximately 1.1522 times. The District was in compliance with its debt covenants at December 31, 2025.

Optional redemption

The Bond is subject to redemption prior to maturity, at the option of the District, on any date, upon payment of par and accrued interest, without redemption premium.

FY2025 debt maturity schedule

Year ending December 31	Principal	Interest	Total
2026	$65,591	$72,439	$138,030
2027	61,504	76,526	138,030
2028	63,052	74,978	138,030
2029	64,638	73,392	138,030
2030-2034	348,413	341,737	690,150

Year ending December 31	Principal	Interest	Total
2035-2039	394,498	295,652	690,150
2040-2044	446,679	243,471	690,150
2045-2049	505,761	184,389	690,150
2050-2054	572,658	117,492	690,150
2055-2059	619,103	41,746	660,848
Total	**$3,141,896.66**	**$1,521,821.51**	**$4,663,718.17**

Events of default

a. Payment of the principal of the Series 2024 Bond is not made by the District when due;

b. Payment of the interest of the Series 2024 Bond is not made by the District when due;

c. The District defaults in the performance of any other of its covenants in the bond resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the bond owner of twenty five percent (25%) in aggregate principal amount of the Series 2024 Bond then outstanding; or d. The District or Enterprise files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligations represented by the Series 2024 Bond.

Upon the occurrence and continuance of an event of default, the owner of any bond, or a trustee therefor, may protect and enforce the rights of any owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the board to act as if it were the trustee of an express trust, or any combination of such remedies. Any receiver appointed to protect the rights of owners may take possession of and operate and maintain the system in the same manner as the District itself might do. The failure of any owner to proceed does not relieve the District or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right, and the exercise of any right by any owner will not be deemed a waiver of any other right. In addition to the foregoing remedies, so long as a bond is registered in the name of the United States of America, upon an event of default, the Rural Development, at its option, may declare the entire principal amount then outstanding and accrued interest immediately due and payable. Payments on delinquent amounts due on the Series 2024 Bond will be applied in the following order of priority: (i) interest on overdue principal and interest at the rate borne by the Series 2024 Bond; (ii) past due interest; (iii) past due principal; (iv) current interest due; and (v) current principal due. Construction loan

The short-term construction loan disclosed in FY2024 was paid in full during FY2024 and is not presented as an FY2025 obligation.

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances

As of December 31, 2025, the General Fund reported a due from the Transportation Enterprise Fund of $775,088.63, and the Transportation Enterprise Fund reported an equal due to the General Fund. The reciprocal balances are eliminated in the District-wide financial statements.

Interfund balance	General Fund	Transportation Enterprise
Due from Transportation Enterprise Fund	$775,088.63	-
Due to General Fund	-	$(775,088.63)
District-wide elimination	**-**	**-**

The $775,088.63 reciprocal balance represents short-term operating advances between the General Fund and Transportation Enterprise Fund that are expected to be settled within one year. The reciprocal balance is eliminated in the District-wide financial statements.

Interfund transfers

During FY2025, the Transportation Enterprise Fund collected $241,375.00 of an opening advance from governmental activities and paid $221,380.37 of operating advances to governmental activities. These cash movements are presented gross as noncapital financing activities. No nonreciprocal transfer or write-off was identified.

Interfund settlement category	Governmental activities	Business-type activities
Collection of opening due from governmental activities	$(241,375.00)	$241,375.00
Repayment of advance to governmental activities	221,380.37	$(221,380.37)
Net interfund settlements	**$(19,994.63)**	**$19,994.63**

NOTE 7 - NET POSITION

The District has net position consisting of: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets. Restricted net position consists of amounts subject to external restrictions imposed by creditors, grantors, contributors, laws or constitutional provisions. Unrestricted net position is the residual classification.

FY2025 net position classification

Classification	Governmental activities	Business-type activities	District-wide
Net investment in capital assets	**$5,926,738.91**	**$(2,465,029.15)**	**$3,461,709.76**
Restricted	$159,500.00	$131,999.80	$291,499.80
Unrestricted	$2,710,165.93	$1,287,401.94	$3,997,567.87
Total net position	**$8,796,404.84**	**$(1,045,627.41)**	**$7,750,777.43**

Restricted net position totals $291,499.80, consisting of $159,500.00 for the emergency reserve, $69,015.00 for the bond account reserve, $27,556.80 for the debt reserve and $35,428.00 for the capital reserve.

At December 31, 2025, net investment in capital assets was $3,461,709.76, restricted net position was $291,499.80, unrestricted net position was $3,997,567.87, and total net position was $7,750,777.43. Management evaluated the District's financial condition and concluded that no substantial doubt exists about the District's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

NOTE 8 - RELATED PARTIES

Management identified no material related-party transactions requiring disclosure for the year ended December 31, 2025.

NOTE 9 - 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, 2025.

NOTE 10 - TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments within the state of Colorado.

Pursuant to Colorado Senate Bill 09-141 ("SB 09-141"), the District is authorized to levy property taxes up to 5 mills for the purpose of funding reserves, repaying bonds, maintaining operations and improving facilities, subject to applicable election requirements and limitations.

In November 2016, voters approved Referendum 5B, authorizing the District, for 2017 and each subsequent year, to receive, retain, and spend revenues from existing real and personal property taxes and State of Colorado grants and intergovernmental transfers without increasing taxes or the maximum mill levy. The measure passed by a vote of 4,446 to 2,118.

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 TABOR. For the year ended December 31, 2025, the Transportation Enterprise qualified for the enterprise exclusion and the District complied with TABOR. Spending and revenue limits are based on prior-year fiscal-year spending adjusted for allowable inflation and local growth. Revenues above the applicable limit must be refunded unless voters authorize retention.

TABOR requires local governments to establish emergency reserves of at least 3% of fiscal-year spending, excluding bonded debt service. At December 31, 2025, the District reported $159,500 as restricted for its TABOR emergency reserve.

NOTE 11 - RETIREMENT AND DEFERRED COMPENSATION PLANS

The District participates in a CRA 401(a) defined contribution pension plan and a CRA 457 deferred compensation plan. Eligible employees enter the 401(a) plan after three plan months and may select an employer contribution rate from 3% to 7% of compensation under the plan. Employer contributions vest under a three-year graded schedule. Full-time and part-time employees are immediately eligible for the 457 plan; employee deferrals are immediately vested and the District does not contribute to that plan.

For FY2025, employer contributions and pension expense under the 401(a) plan were $78,409.36. Employee deferrals under the 457 plan were $10,442.49. Plan forfeitures and the year-end CRA payable were $0.

NOTE 12 - AGREEMENTS

Intergovernmental agreement concerning the Las Animas E-911 Emergency Communications Authority

Effective March 17, 2015, the District entered into a third amended and restated intergovernmental agreement concerning the Las Animas County E-911 Emergency Communications Authority (the "Authority"). Under the agreement, the District may appoint a member to the Authority's board of directors. The agreement remained in effect at December 31, 2025.

Lease of 939 Robinson Avenue

Effective August 1, 2025, the District, as lessor through its Transportation Enterprise activity, entered into a three-year agreement through July 31, 2028. Base rent began September 1, 2025 at $5,000 per month and increases 3% annually. Annual Additional Rent of $3,085 increases 5% annually. The agreement requires a refundable tenant security deposit of $10,845.01 and includes a $1,100,000 purchase option exercisable during months 12 through 24. The purchase option was not reasonably certain to be exercised at December 31, 2025.

Management evaluated available observable information and concluded that a reasonable implicit discount rate could not be determined. Based on the specific terms and short duration of the arrangement, the lease payments were measured using a 0% discount rate. The effect of using an alternative reasonable rate would not be material to the financial statements. The initial lease receivable and deferred inflow were $180,149.50. At December 31, 2025, the lease receivable was $175,149.50, of which $75,600.00 was due within one year and $99,549.50 was due thereafter, and the deferred inflow was $155,128.74. Lease-related receivables consisted of the lease receivable of $175,149.50 and an Additional Rent receivable of $28.33, totaling $175,177.83. FY2025 lease revenue was $25,020.76, Additional Rent revenue was

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

$1,028.33, and total lease-related revenue was $26,049.10. The total is reported as nonoperating revenue in the proprietary fund statement.

Lease receivable collections

Period	Fixed lease payments
Past due at December 31, 2025	$15,000.00
2026	60,600.00
2027	62,418.00
2028	37,131.50
Total lease receivable	**$175,149.50**

NOTE 13 - SUBSEQUENT EVENTS

The District evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued. A $460,000 OeHI state award was approved in January 2026.

SUPPLEMENTARY INFORMATION

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

TRANSPORTATION REVENUE FUND - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET COMPARED TO ACTUAL - BUDGETARY BASIS

for the year ended December 31, 2025

FY2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Service fees, net of insurance adjustments	1,892,000	1,892,000	1,309,976	(582,024)
Down payment / other revenue	165,000	165,000	25,000	(140,000)
Interest income	46,750	46,750	24,017	(22,733)
Total revenues	**2,103,750**	**2,103,750**	**1,358,993**	**(744,757)**
EXPENDITURES				
Operating / current expenditures	1,582,536	1,582,536	1,499,465	83,071
Debt service	137,784	137,784	138,030	(246)
Total expenditures	**1,720,320**	**1,720,320**	**1,637,495**	**82,825**
Excess of revenues over expenditures - budgetary basis	**383,430**	**383,430**	**(278,502)**	**(661,932)**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

FY2024 ISSUED COMPARATIVE - PRIOR AUDITOR

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Property taxes	1,430,798			
Specific ownership tax	160,000			
Charge for services	1,262,435	1,754,386	1,754,386	-
Miscellaneous income		3,215	3,215	-
Total operating revenues	**2,853,233**	**1,757,601**	**1,757,601**	**-**
OPERATING EXPENSES				
Bank charges	500			
Capital outlay	149,000		480,197	(480,197)
Contingency	36,500			
County Treasurer fees	30,000			
Continuing education	32,500			
Contract services		2,250	2,249	1
Director fees	8,000			
Dues and subscriptions	5,000			
Insurance	60,000			
Medical director fees	15,000			
Medical supplies	103,000	74,118	74,118	-
Miscellaneous expenses		2,131	2,134	(3)
Public relations	7,000			
Professional fees	136,000	2,035	2,035	-
Repairs and maintenance	22,000			
Salaries and benefits - budget basis	1,826,000	971,309	971,309	-
Supplies	62,000			
Software	30,000			
Utilities	55,000			
Vehicles	154,000	160,044	160,041	3
Total operating expenses	**2,731,500**	**1,211,887**	**1,692,083**	**(480,196)**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

FY2024 ISSUED COMPARATIVE - PRIOR AUDITOR (CONTINUED)

	Original Budget	Final Budget	Actual	Variance
NON-OPERATING REVENUES (EXPENSES)				
Grant income	15,000			
Interest expense - budget / cash basis	(79,513)			
Interest income	1,000	28,906	4,055	(24,851)
Proceeds from Series 2024 Revenue Bond		3,207,000	3,207,000	-
Principal payment on Series 2024 Revenue Bond	(58,066)			
Transfer to governmental activities, net		(4,000,000)	(2,855,121)	1,144,879
Total non-operating revenues (expenses)	**(121,579)**	**(764,094)**	**355,934**	**1,120,028**
Excess of revenues over expenditures - budgetary basis	**154**	**(218,380)**	**421,452**	**639,832**

The notes on pages 23–33 form an integral part of the financial statements.

The independent auditor's report is on pages 3–5.

RECONCILIATION OF AMOUNTS FROM US GAAP BASIS TO BUDGETARY BASIS

for the year ended December 31, 2025

	2025	2024*
The accompanying budget schedules compare the legally adopted budget with actual data on a budgetary basis. Because the budgetary basis differs from US GAAP, the following reconciliation presents the principal differences in revenues and expenditures.		
REVENUES AND RECEIPTS		
Total revenues per financial statements	**1,360,043**	**1,761,656**
Add (deduct):		
Proceeds from Series 2024 Revenue Bond	-	3,207,000
GASB 87 lease revenue recognized without budgetary cash receipt	(1,050)	-
Total actual revenues and receipts per the budget	**1,358,993**	**4,968,656**
EXPENSES, TRANSFERS, AND CAPITAL EXPENDITURES		
Total expenses and transfers per financial statements	**1,474,422**	**4,279,770**
Add (deduct):		
Capital outlay	267,230	480,197
Depreciation	(198,539)	(157,341)
Loss on disposal of capital assets	-	(8,709)
Change in accrued compensated absences	29,148	(12,861)
Change in accrued interest payable	244	(33,852)
Principal paid on Series 2024 Revenue Bond	65,103	-
Change in operating receivables reflected in miscellaneous expense	(114)	-
Total actual expenses, transfers, and capital expenditures per the budget	**1,637,495**	**4,547,204**
Excess of revenues over expenditures - budgetary basis	**(278,502)**	**421,452**

* FY2024 issued comparative - prior auditor.

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The independent auditor's report is on pages 3–5.