

TRINIDAD AMBULANCE DISTRICT

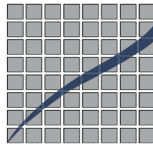
LAS ANIMAS COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trinidad Ambulance District
Las Animas County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Trinidad Ambulance District ("District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, and each major fund of the District as of December 31, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 opinions.

Emphasis of Matter

As discussed in Note 12, these financial statements have been restated for the adoption of GASB Statement No. 101, GASB Statement No. 100, change within the financial reporting entity, and for the correction of errors in the previously issued December 31, 2023, financial statements. Our opinion is not modified with respect to these matters.

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 twelve months beyond the financial statement date, 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 and *Government 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 and *Government 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 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

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 opinions on the basic financial statements are 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 supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 24, 2025

TRINIDAD AMBULANCE DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,853,368	\$ 1,722,322	\$ 3,575,690
Cash and investments - restricted	159,500	93,090	252,590
Receivable from County Treasurer	78,442	-	78,442
Accounts receivable, net	17,485	662,100	679,585
Grants receivable	144,698	-	144,698
Property taxes receivable	1,061,197	-	1,061,197
Inventories	-	94,130	94,130
Due from governmental activities	-	241,375	241,375
Due from business-type activities	996,469	-	996,469
Prepaid expenses	30,895	-	30,895
Capital assets, non-depreciable	214,371	-	214,371
Capital assets, net	5,944,740	608,176	6,552,916
Total assets	10,501,165	3,421,193	13,922,358
<u>LIABILITIES</u>			
Accounts payable	310,433	41,600	352,033
Accrued interest	-	33,852	33,852
Due to governmental activities	-	996,469	996,469
Due to business-type activities	241,375	-	241,375
Accrued wages and benefits	7,785	26,114	33,899
Accrued compensated absences	63,039	47,406	110,445
Series 2024 Revenue Bond	-	3,207,000	3,207,000
Total liabilities	622,632	4,352,441	4,975,073
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property taxes	1,061,197	-	1,061,197
Total deferred inflows of resources	1,061,197	-	1,061,197
<u>NET POSITION</u>			
Net investment in capital assets	(1,200,362)	(1,526,004)	(2,726,366)
Restricted:			
Emergency reserve	159,500	-	159,500
Bond account reserve	-	68,892	68,892
Debt reserve	-	13,778	13,778
Capital reserve	-	10,420	10,420
Unrestricted	9,858,198	501,666	10,359,864
Total net position	\$ 8,817,336	\$ (931,248)	\$ 7,886,088

The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

FUNCTIONS / PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities:							
General government	\$ 1,426,055	\$ 27,907	\$ 594,372	\$ -	\$ (803,776)	\$ -	\$ (803,776)
Total government activities	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	<u>\$ 2,850,704</u>	<u>\$ 1,782,293</u>	<u>\$ 594,372</u>	<u>\$ -</u>	(803,776)	329,737	(474,039)
<u>GENERAL REVENUES, TRANSFERS, AND IMPAIRMENT LOSS</u>							
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)
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					<u>\$ 8,817,336</u>	<u>\$ (931,248)</u>	<u>\$ 7,886,088</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2024

	General Fund
ASSETS	
Cash and investments	\$ 1,853,368
Cash and investments - restricted	159,500
Receivable from County Treasurer	78,442
Accounts receivable, net	17,485
Grants receivable	144,698
Due from transportation revenue fund	996,469
Property taxes receivable	1,061,197
Prepaid expenses	30,895
Total assets	\$ 4,342,054
LIABILITIES	
Accounts payable	\$ 310,433
Due to transportation revenue fund	241,375
Accrued wages and benefits	7,785
Total liabilities	559,593
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	1,061,197
Total deferred inflows of resources	1,061,197
FUND BALANCE	
Nonspendable	
Prepaid expenses	30,895
Restricted for:	
Emergency reserve	159,500
Unassigned:	
Unrestricted	2,530,869
Total fund balance	2,721,264
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,342,054
Amounts reported in 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
Capital assets, net	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	(63,039)
Net position of governmental activities	\$ 8,817,336

The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2024

	General Fund
<u>REVENUES</u>	
Property taxes	\$ 1,432,801
Specific ownership taxes	200,273
Grants	594,372
Services	27,907
Other income	17,206
Investment income	26,105
Total revenues	2,298,664
<u>EXPENDITURES</u>	
General government:	
Bank fees	637
Capital outlay	1,810,821
Communications	17,335
Computer equipment	4,924
Contract services	261
County Treasurer fees	25,968
Directors fees	1,900
Dues and subscriptions	16,953
Election	1,310
Insurance	208,294
Licenses and permits	3,081
Miscellaneous expenses	85,285
Office expense	25,410
Professional fees	190,162
Public relations	250
Repairs and maintenance	29,642
Salaries and benefits	382,126
Supplies	92,054
TIF expense	3,514
Training and education	25,888
Travel	2,017
Utilities	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	5,315,217
Excess of revenues over expenditures	(3,016,553)
<u>OTHER FINANCING SOURCES AND USES</u>	
Insurance recovery proceeds	282,817
Proceeds from short-term construction loan	1,159,313
Transfer from transportation revenue fund, net	2,855,121
Total other financing sources and uses	4,297,251
Net change in fund balance	1,280,698
Fund balance, beginning of year	1,440,566
Fund balance, end of year	\$ 2,721,264

The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

Net change in fund balance	\$ 1,280,698
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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 not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful lives of the assets. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital outlay	1,810,821
Depreciation	(150,919)
Loss on disposal of assets	(11,758)
Impairment of capital assets	(327,805)

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized 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	(8,497)
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Change in net position	<u>\$ 3,682,742</u>
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The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)
YEAR ENDED DECEMBER 31, 2024

	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	-
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
Debt service:				
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)
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 accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
DECEMBER 31, 2024

	<u>Transportation Revenue Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,722,322
Cash and investments - restricted	93,090
Accounts receivable, net	662,100
Inventories	94,130
Due from governmental activities	241,375
Capital assets, net	<u>608,176</u>
Total assets	<u>3,421,193</u>
<u>LIABILITIES</u>	
Accounts payable	41,600
Accrued interest	33,852
Due to governmental activities	996,469
Accrued wages and benefits	26,114
Accrued compensated absences	47,406
Series 2024 Revenue Bond	<u>3,207,000</u>
Total liabilities	<u>4,352,441</u>
<u>NET POSITION</u>	
Net investment in capital assets	(1,526,004)
Restricted:	
Bond account reserve	68,892
Debt reserve	13,778
Capital reserve	10,420
Unrestricted	<u>501,666</u>
Total net position	<u>\$ (931,248)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND YEAR ENDED DECEMBER 31, 2024

	<u>Transportation Revenue Fund</u>
<u>OPERATING REVENUES</u>	
Charge for services	\$ 1,754,386
Miscellaneous income	3,215
Total operating revenues	<u>1,757,601</u>
<u>OPERATING EXPENSES</u>	
Contract services	2,249
Depreciation	157,341
Loss on disposal of capital assets	8,709
Medical supplies	74,118
Miscellaneous expenses	2,134
Professional fees	2,035
Salaries and benefits	984,170
Vehicles	160,041
Total operating expenses	<u>1,390,797</u>
Net operating gain	<u>366,804</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	4,055
Interest expense	(33,852)
Transfer to governmental activities, net	<u>(2,855,121)</u>
Total non-operating revenues (expenses)	<u>(2,884,918)</u>
Change in net position	<u>(2,518,114)</u>
Net position, beginning of year	<u>1,586,866</u>
Net position, end of year	<u>\$ (931,248)</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2024

	Transportation Revenue Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers	\$ 1,359,810
Cash paid for goods and services	(142,470)
Payments to employees	(992,961)
Payments to suppliers	(81,254)
Net cash flows from operating activities	<u>143,125</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers, net	(1,858,652)
Net cash flows from noncapital financing activities	<u>(1,858,652)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital asset purchased	(480,198)
Proceeds from Series 2024 Revenue Bond	3,207,000
Net cash flows from capital and related financing activities	<u>2,726,802</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest income	4,055
Net cash flows from investing activities	<u>4,055</u>
Net change in cash	1,015,330
Cash and investments, beginning of year	<u>800,082</u>
Cash and investments, end of year	<u>\$ 1,815,412</u>
<u>RECONCILIATION OF OPERATING GAIN TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Operating gain	\$ 366,804
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	157,341
Loss on disposal of capital assets	8,709
Net change in operating assets and liabilities:	
Accounts receivable	(156,416)
Inventory	(7,136)
Accounts payable	23,989
Accrued wages and benefits	4,070
Accrued compensated absences	(12,861)
Due from governmental activities	(241,375)
Net cash flows from operating activities	<u>\$ 143,125</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 (Note 12).

During the year ended December 31, 2023, the District resolved to operate as a health service district. The County has yet to approve the District's new structure subsequent to December 31, 2024, therefore, the District is not yet operating as a health service district.

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 are properly excluded from program revenues and are reported as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual government funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement position

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.

See independent auditor's report.

TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 District amended its annual budget for the year ended December 31, 2024.

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.

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Property taxes, net of estimated uncollectable amounts, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

Accounts receivable

The District reports accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for bad debts and contractual adjustments based upon a review of outstanding receivables, historical collection information and existing economic conditions. The District has provided an allowance of \$2,138,000 as of December 31, 2024. As a service to the customer, the District bills third-party payors directly and bills the customer when the customer's liability is determined. Accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the customer or third-party payor.

Net service fees

The District has agreements with third-party payors that provide payments to the District at amounts different from its established rates. Net revenue is reported at estimated net realizable amounts from customers, third-party payors and others. Service revenue is reported net of contractual adjustments and discounts of \$3,010,620 and the provision for bad debts of \$820,004 during the year ended December 31, 2024.

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 are stated at the lower of cost or market value on a first-in, first-out basis. The costs of inventories are recorded as expenditures when they are used.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental 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, 2024, the District's compensated absences liability was \$110,445. The compensated absences liability decreased \$4,364 during the year ended December 31, 2024.

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Deferred inflows of resources

In addition to liabilities, the District reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund balances and transfers, net

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively.

During the year ended December 31, 2024, transfers, net between governmental activities and business-type activities consisted of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Business-type activities proceeds received to purchase governmental activity assets	\$ 996,469	\$ (996,469)
Business-type activities proceeds received to pay off governmental activity loan	2,272,230	(2,272,230)
Cash used to purchase business-type activities assets	(480,197)	480,197
Business-type activities revenue received by the governmental activities owed to the business-type activities	(241,375)	241,375
Other transfers from business-type activities to governmental activities	307,994	(307,994)
Total transfers, net	<u>\$ 2,855,121</u>	<u>\$ (2,855,121)</u>

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.

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TRINIDAD AMBULANCE DISTRICT

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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.

Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

New accounting pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* ("Statement No. 100"). This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. On January 1, 2024, the District adopted the requirements of Statement No. 100 (Note 12).

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("Statement No. 101"). This statement updated the recognition and measurement guidance for compensated absences. On January 1, 2024, the District adopted the requirements of Statement No. 101 (Note 12).

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 3,575,690
Cash and investments - restricted	<u>252,590</u>
	<u>\$ 3,828,280</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2024, are as follows:

Deposits with financial institutions	<u>\$ 3,828,280</u>
	<u>\$ 3,828,280</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits. At December 31, 2024, the District had bank deposits totaling \$3,828,280, of which \$750,000 was insured by the Federal Deposit Insurance Corporation.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2024, the District's cash deposits had a bank balance of \$3,825,624 and a carrying balance of \$3,828,280.

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TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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:

- Obligations of the US, certain US government agency securities, and securities of the World Bank
- General obligation and revenue bonds of US local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- 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 the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

As of December 31, 2024, the District did not have any investments.

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TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, is as follows:

	Balance 01-01-24	Additions	Dispositions	Reclassifications	Balance 12-31-24
<u>Governmental activities</u>					
Capital assets, depreciable:					
Building	\$ 1,342,957	\$ -	\$ -	\$ 4,917,984	\$ 6,260,941
Equipment	284,285	-	-	-	284,285
Vehicles	323,133	51,282	(34,988)	-	339,427
Radio and medical equipment	346,829	32,972	-	-	379,801
Furniture and fixtures	51,628	43,391	-	-	95,019
Total capital assets, depreciable	<u>2,348,832</u>	<u>127,645</u>	<u>(34,988)</u>	<u>4,917,984</u>	<u>7,359,473</u>
Less accumulated depreciation	<u>(1,287,043)</u>	<u>(150,918)</u>	<u>23,228</u>	<u>-</u>	<u>(1,414,733)</u>
Governmental activities Capital assets, net	<u>1,061,789</u>	<u>(23,273)</u>	<u>(11,760)</u>	<u>4,917,984</u>	<u>5,944,740</u>
Capital assets, not depreciable:					
Land	214,371	-	-	-	214,371
Construction in progress	3,679,984	1,565,805	(327,805)	(4,917,984)	-
Governmental activities Capital assets, not depreciable	<u>3,894,355</u>	<u>1,565,805</u>	<u>(327,805)</u>	<u>(4,917,984)</u>	<u>214,371</u>
Governmental activities Total capital assets	<u>\$ 4,956,144</u>	<u>\$ 1,542,532</u>	<u>\$ (339,565)</u>	<u>\$ -</u>	<u>\$ 6,159,111</u>
<u>Business-type activities</u>					
Capital assets, depreciable:					
Vehicles	1,930,401	198,414	(853,886)	-	1,274,929
Radio and medical equipment	577,468	281,783	-	-	859,251
Total capital assets, depreciable	<u>2,507,869</u>	<u>480,197</u>	<u>(853,886)</u>	<u>-</u>	<u>2,134,180</u>
Less accumulated depreciation	<u>(2,213,841)</u>	<u>(157,341)</u>	<u>845,178</u>	<u>-</u>	<u>(1,526,004)</u>
Business-type capital assets, net	<u>\$ 294,028</u>	<u>\$ 322,856</u>	<u>\$ (8,708)</u>	<u>\$ -</u>	<u>\$ 608,176</u>

Depreciation expense for the year ended December 31, 2024, totaled \$308,259.

During the year ended December 31, 2024, the roof of a building owned by the District was damaged resulting in an impairment loss in the amount of \$327,805. The District received an insurance recovery in the amount of \$282,817 as a result of the impairment and the net impairment loss was \$44,988 during the year ended December 31, 2024.

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TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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5. LONG-TERM OBLIGATIONS

The following is a summary of debt of the District during the year ended December 31, 2024:

	Balance 01-01-24	Additions	Repayments / Amortization	Balance 12-31-24	Due Within One Year
<u>Governmental activities</u>					
Short-term debt:					
Construction loan	\$ 1,090,202	\$ 1,159,313	\$ (2,249,515)	\$ -	\$ -
<u>Business-type activities</u>					
Long-term obligations:					
Series 2024 Revenue Bond	-	3,207,000	-	3,207,000	58,425
Total debt	\$ -	\$ 3,207,000	\$ -	\$ 3,207,000	\$ 58,425

Series 2024 Revenue Bond

On August 1, 2024, the District issued the Series 2024 Revenue Bond ("Series 2024 Bond") for the purpose of paying the costs of providing certain transportation facilities. The Series 2024 Bond was issued in the amount of \$3,207,000. The bond bears interest at a rate of 2.5% per annum, calculated as required by applicable United States of America (Rural Development) regulations and requires semi-annual payments of principal and interest in the amount of \$68,892, commencing January 25, 2025, and thereafter every July 25th and January 25th until paid in full. The Series 2024 Bond matures on August 1, 2059.

The Series 2024 Bond is also secured by a reserve fund in an amount equal to at least one annual loan installment that accumulates at the rate of 10% of the annual payment per year for ten years or until the balance is equal to one annual loan payment of \$137,784. The reserve may not be used without prior written approval of the bond owner. As of December 31, 2024, the amount held in reserve was \$13,778.

The District is also required to establish a reserve fund designated for the replacement of capital assets which will be funded by the District in monthly amounts of \$2,084 until the fund reaches a balance of \$100,000. If the District uses the reserved funds, the District will replace the funds used at the same rate of \$2,084 monthly until the reserve fund reaches a balance of \$100,000. As of December 31, 2024, the amount held in reserve was \$10,420.

The District is required to maintain a bond account consisting of a reserve for the next required payment of principal and interest on the Series 2024 Bond. As of December 31, 2024, the amount held in reserve was \$68,892.

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.

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.

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TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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The District's long-term obligations on the Series 2024 Bonds mature as follows:

<u>Year Ending December 31, 2024</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 58,425	\$ 79,359	\$ 137,784
2026	58,337	79,447	137,784
2027	59,825	77,959	137,784
2028	61,142	76,642	137,784
2029	62,910	74,874	137,784
2030 - 2034	339,256	349,664	688,920
2035 - 2039	384,805	304,115	688,920
2040 - 2044	436,346	252,574	688,920
2045 - 2049	495,099	193,821	688,920
2050 - 2054	561,577	127,343	688,920
2055 - 2059	689,278	51,997	741,275
Total	<u>\$ 3,207,000</u>	<u>\$ 1,667,795</u>	<u>\$ 4,874,795</u>

Events of default

The occurrence or existence of any one or more of the following events will be an event of default hereunder:

- Payment of the principal of the Series 2024 Bond is not made by the District when due;
- Payment of the interest of the Series 2024 Bond is not made by the District when due;
- 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
- 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

On October 24, 2023, the District obtained a short-term construction loan from an area bank in the amount of \$2,250,000 for the addition to an existing building owned by the District. The loan bore interest at a rate of the prime rate plus 1.00 percentage point calculated on a 365-day basis. During the year ended December 31, 2024, the construction loan was paid in full with proceeds from the District's Series 2024 Bond.

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TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

6. 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 and reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2024, the District had net investment in capital assets as follows:

	Governmental activities	Business-type activities
Net investment in capital assets:		
Capital assets	\$ 6,159,111	\$ 608,176
Related long-term obligations	<u>(7,359,473)</u>	<u>(2,134,180)</u>
Net investment in capital assets	<u>\$ (1,200,362)</u>	<u>\$ (1,526,004)</u>

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2024 as follows:

Restricted net position:	
Emergency reserve (Note 9)	\$ 159,500
Bond reserve (Note 5)	68,892
Debt service (Note 5)	13,778
Capital reserve (Note 5)	<u>10,420</u>
	<u>\$ 252,590</u>

7. RELATED PARTIES

During the year ended December 31, 2024, the District paid \$20,000, at arm's length, to the spouse of an executive-level employee for specialized engineering services.

8. 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, 2024.

9. 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.

At the District's creation, the Colorado Senate Bill 09-141 ("SB 09-141") authorized the District to levy property taxes up to 5 mills for the purpose funding reserves, repayment of bonds issued, maintenance, operations, and improvement of facilities, subject to election requirements and limitations as defined in SB 09-141.

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Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District has made certain interpretations of the amendment's language in order to determine compliance. The District's management believes the transportation enterprise's operations qualify for the enterprise exclusion allowed by the amendment. The District believes it is in compliance with the requirements of the amendment.

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

10. PENSION PLAN - DEFINED CONTRIBUTION

The District participates in the Colorado Retirement Association ("CRA") 401(a) retirement plan and a CRA 457 deferred compensation plan, both of which are defined contribution plans. All employees working at least 32 hours per week, 12 months per year must participate in the 401(a) plan after the first three months of employment. The District contributes from 3% up to a maximum of 7% of the participant's compensation, matching what the employee contributes, and the participant becomes fully vested over a three-year period. All employees (full-time and part-time) are immediately eligible to participate in the 457 plan, for which there is no employer matching. Employee contributions are immediately vested under the 457 plan.

The amount of pension expense recognized by the District in 2024 was \$76,329. Forfeitures were credited to the District during the current year and are reflected in pension expense. The District has a liability outstanding as of December 31, 2024, for pension payments due to CRA of \$894.

11. 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 ("Authority"). As part of the agreement, the District is able to appoint a member to the Authority's board of directors.

12. CHANGE WITHIN FINANCIAL REPORTING ENTITY, CHANGE IN ACCOUNTING PRINCIPLE AND CORRECTION OF AN ERROR

Change within financial reporting entity

During the year ended December 31, 2024, the District established governmental activities. As a result, balances previously accounted for in the District's business-type activities were allocated to governmental activities as of January 1, 2024 (Note 1).

Change in accounting principle

As a result of implementing GASB Statement No. 101, the District changed its method of accounting for compensated absences. Previously, the District recognized a liability for compensated absences based on the total vacation leave earned by employees. Under GASB 101, the District now recognizes a liability for compensated absences that includes vacation leave, sick leave, and other payroll-related expenses. This resulted in a decrease of \$81,263 to beginning net position.

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TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Correction of error in previously issued financial statements

The previously issued December 31, 2023 financial statements included the following errors:

- In the previously issued December 31, 2023 financial statements, grant income of \$221,347 earned in 2023 was not recorded.
- In the previously issued December 31, 2023 financial statements, fixed assets of \$57,602 and accumulated depreciation of \$63,161 were not recorded.
- In the previously issued December 31, 2023 financial statements, construction in progress of \$924,784 was recorded as depreciable assets.
- In the previously issued December 31, 2023 financial statements, construction in progress and accounts payable were understated by \$256,284.
- In the previously issued December 31, 2023 financial statements, retainage payable of \$117,371 related to construction in progress was not recorded.

The following summarizes the affected financial statement line items as a result of the change within the financial reporting entity, change in accounting principle, and correction of an error in the previously issued financial statements:

	As Previously Reported	Adjustment Increase (Decrease)	As Restated
Governmental activities financial statements:			
Financial statement line items:			
Cash and investments	\$ -	\$ 1,537,539	\$ 1,537,539
Grant receivable	-	221,347	221,347
Property taxes receivable	-	1,430,198	1,430,198
Capital assets, non-depreciable	-	3,894,355	3,894,355
Capital assets, net	-	1,061,788	1,061,788
Accounts payable	-	312,113	312,113
Retainage payable	-	117,371	117,371
Accrued wages and benefits	-	6,207	6,207
Accrued compensated absences	-	54,542	54,542
Short-term construction loan	-	1,090,202	1,090,202
Deferred property taxes	-	1,430,198	1,430,198
Net position	-	5,134,594	5,134,594
Business-type activities financial statements:			
Financial statement line items:			
Cash and investments	2,337,621	(1,537,539)	800,082
Property taxes receivable	1,430,198	(1,430,198)	-
Capital assets, non-depreciable	2,595,916	(2,595,916)	-
Capital assets, net	2,280,600	(1,986,572)	294,028
Accounts payable	73,440	(55,829)	17,611
Accrued wages and benefits	28,251	(6,207)	22,044
Accrued compensated absences	33,546	26,721	60,267
Short-term construction loan	1,090,202	(1,090,202)	-
Deferred property taxes	1,430,198	(1,430,198)	-
Net position	6,594,435	(5,007,569)	1,586,866

See independent auditor's report.

TRINIDAD AMBULANCE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

	<u>As Previously Reported</u>	<u>Adjustment Increase (Decrease)</u>	<u>As Restated</u>
Governmental fund financial statements:			
Financial statement line items:			
Cash and investments	\$ -	\$ 1,537,539	\$ 1,537,539
Grant receivable	-	221,347	221,347
Property taxes receivable	-	1,430,198	1,430,198
Accounts payable	-	312,113	312,113
Accrued wages and benefits	-	6,207	6,207
Deferred property taxes	-	1,430,198	1,430,198
Fund balance	-	1,440,566	1,440,566

* * * * *

See independent auditor's report.

SUPPLEMENTARY INFORMATION

TRINIDAD AMBULANCE DISTRICT

TRANSPORTATION REVENUE FUND - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET COMPARED TO ACTUAL - BUDGETARY BASIS YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance
<u>OPERATING REVENUES</u>				
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	-
<u>OPERATING EXPENSES</u>				
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	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)
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Grant income	15,000	-	-	-
Interest expense	(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 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 accompanying notes and independent auditor's report
should be read with these financial statements.

TRINIDAD AMBULANCE DISTRICT
RECONCILIATION OF AMOUNTS FROM US GAAP BASIS TO BUDGETARY BASIS
DECEMBER 31, 2024

The accompanying supplementary Schedule of Revenues and Expenditures – Budget Compared to Actual on page 24 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences in revenues and expenditures for the year ended December 31, 2024 is presented below.

Total revenues per financial statements	\$ 1,761,656
<hr/>	
Add:	
Proceeds from Series 2024 Revenue Bond	3,207,000
	<hr/>
Total actual revenues and receipts per the budget	<u>\$ 4,968,656</u>
<hr/>	
Total expenses and transfers per financial statements	\$ 4,279,770
<hr/>	
Add:	
Capital outlay	480,197
<hr/>	
Less:	
Depreciation	(157,341)
Loss on disposal of capital assets	(8,709)
Change in accrued compensated absences	(12,861)
Change in accrued interest payable	(33,852)
	<hr/>
Total actual expenses, transfers, and capital expenditures per the budget	<u>\$ 4,547,204</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

FEDERAL AWARDS

TRINIDAD AMBULANCE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Community Facilities Loans and Grants (Note 5)	10.766		<u>\$ -</u>	<u>\$ 3,207,000</u>

See notes to schedule of expenditures of federal awards.

TRINIDAD AMBULANCE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of Trinidad Ambulance District ("District") under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the District. If the District is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

3. INDIRECT COST RATE

The District has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

4. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal awards expended during the year consist solely of a Community Facilities loan in the amount of \$3,207,000 (see Note 5).

5. U.S. DEPARTMENT OF AGRICULTURE COMMUNITY FACILITIES LOANS

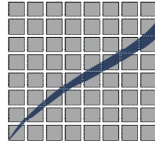
The federal financial assistance from the U.S. Department of Agriculture, Community Facility loans, is in the form of an interest-bearing loan to be repaid in accordance with the terms of the agreement. The total outstanding loan balance reported on the schedule of expenditures of federal awards is as follows:

Outstanding loan balance at December 31, 2023	\$	-
Outstanding loan balance at December 31, 2024	\$	3,207,000

* * * * *

See independent auditor's report.

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Trinidad Ambulance District
Las Animas County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Trinidad Ambulance District ("District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not detected. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-003.

District's Response to Findings

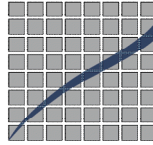
Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 24, 2025



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Trinidad Ambulance District
Las Animas County, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Trinidad Ambulance District's ("District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("US GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies in internal control may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 24, 2025

TRINIDAD AMBULANCE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered a material weakness?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered a material weakness?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	Yes

Identification of major program(s):

Assistance Listing Number	Name of Federal Program
10.766	Community Facilities Loans and Grants

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	No

TRINIDAD AMBULANCE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2024

Section II - Financial Statement Findings

2024-001 - Charges for Services and Allowance for Doubtful Accounts

Material Weakness

Condition: During the year, accounts receivable was not reconciled to the subsidiary ledger, and there were several uncollectable balances included in accounts receivable at yearend.

Criteria: Generally accepted accounting principles.

Cause: Oversight by management.

Effect: Audit adjustments were required for the financial statements to be materially correct.

Recommendation: We recommend that charges for services be reconciled on a monthly basis. Additionally, we noted the District's allowance for doubtful accounts is not regularly evaluated. We recommend the District evaluate its allowance for doubtful accounts at least annually and develop a consistent and ongoing methodology for its allowance for doubtful accounts.

View of Responsible Official and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

2024-002 - Accrual Basis of Accounting and Fund Allocation

Material Weakness

Condition: During the audit, we proposed significant adjustments to the financial statements related to various balances, including adjustments to ensure the financial records were properly allocated and accounted for amongst the governmental activities and business-type activities funds.

Criteria: Generally accepted accounting principles.

Cause: Oversight by management.

Effect: Audit adjustments were required for the financial statements to be materially correct and allocated to the proper funds.

Recommendation: We recommend the accrual method of accounting be implemented for recording all transactions and the District fully align its accounting system, trial balances, and financial transactions to properly allocate activity and balances in the correct fund.

TRINIDAD AMBULANCE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2024

View of Responsible Official and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

Section III - Federal Award Findings and Questioned Costs

2024-003 - USDA Community Facilities Loan Reserve Accounts
Material Weakness

U.S. Department of Agriculture

ALN #: 10.766 Community Facilities Loans and Grants Cluster

Federal Award Identification #: CPAP000001205294

Condition: Under the District's USDA Community Facilities loan agreement, the District is required to administer a loan reserve account and a capital asset replacement reserve in which monthly deposits are to be made until the minimum reserve amounts are reached.

Criteria: 37 CFR 1942.17(i)

Questioned Costs: \$0

Context: The District was not properly administering the loan and capital asset replacement reserve accounts as outlined in their USDA loan agreement.

Cause: There was oversight by management of the applicable reserve requirements as contained in the loan agreement.

Effect: The District did not fund the applicable reserve accounts for the year ended December 31, 2024.

Recommendation: We recommend the District review the requirements and establish the minimum reserve funds in future periods as outlined in the loan agreement.

View of Responsible Official and Planned Corrective Action: Management agrees with the finding. See corrective action plan.



TRINIDAD AMBULANCE DISTRICT

13840 Hwy 350 • P. O. Box 132 • Trinidad, CO 81082



Auditee Corrective Action Plan Year Ended December 31, 2024

Financial Statement Findings

Finding Number: 2024-001 Charges for Services and Allowance for Doubtful Accounts

Planned Corrective Action: We will reconcile charges for services to the subsidiary ledger on a monthly basis to more accurately evaluate and report doubtful accounts. We will also develop and implement a consistent and ongoing methodology to annually evaluate the allowance for doubtful accounts.

Person Responsible for Corrective Action: Gabriel Moreno, Executive Director.

Anticipated Date of Completion: December 31, 2025

Finding Number: 2024-002 Accrual Basis of Accounting and Fund Allocation

Planned Corrective Action: We will implement the accrual method of accounting for recording all transactions. We will continue working to fully align our accounting system, trial balances and financial transactions to correctly allocate and account for activities and balances in the governmental and business-type activities funds.

Person Responsible for Corrective Action: Gabriel Moreno, Executive Director.

Anticipated Date of Completion: December 31, 2025

Federal Award Findings

Finding Number: 2024-003 USDA Community Facilities Loan Reserve Accounts

Planned Corrective Action: We will review the loan terms and conditions to evaluate the amounts required to be in the applicable loan reserve accounts, and will bring the reserve accounts to the required balances.

Person Responsible for Corrective Action: Gabriel Moreno, Executive Director.

Anticipated Date of Completion: December 31, 2025

Respectfully Submitted,

EMS Chief Gabriel Moreno