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PLATEAU VALLEY HOSPITAL DISTRICT
BASIC FINANCIAL STATEMENTS
AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2016 and 2015



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INDEPENDENT AUDITOR'S REPORT

February 20, 2017

To the Board of Directors
Plateau Valley Hospital District

We have audited the accompanying statements of net position of Plateau Valley Hospital District as of December 31, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plateau Valley Hospital District as of December 31, 2016 and 2015, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Plateau Valley Hospital District's financial statements as a whole. The supplemental schedule of revenues and expenditures – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule of revenues and expenditures – budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Management's Discussion and Analysis

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities. Please read it in conjunction with the District's financial statements that follow the MD&A.

HIGHLIGHTS – Business-type Activities

- In 2016, net position increased by \$242,383 (or 3.5%) when compared to 2015.
- Total revenues increased by \$72,725 (or 4%) to \$1,738,853 for 2016.
- Total operating expenses increased by \$11,221 (or 1%) from 2015 to 2016.
- Total capital assets decreased by \$121,398 to \$2,654,756 in 2016.
- Capital contributions in 2016 decreased by \$5,339 since there were few contributions.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements and schedules are included:

- Statements of net position – reports the District's current financial resources (short-term spendable resources with capital assets and long-term obligations). (See page 7)
- Statements of revenues, expenses and changes in fund net position – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions. (See page 8)
- Statements of cash flows – reports the District's cash flows from operating, investing, capital and non-capital activities. (See pages 9-10)
- Schedules of revenues and expenditures – budget and actual – (non-GAAP budgetary basis) – reports the District's revenues and expenditures on the same basis as the budget. (See page 18)

Management's Discussion and Analysis

STATEMENT OF NET POSITION

The following table shows the condensed statement of net assets for the past three years.

Years ended December 31,	2016	2015	2014
Current assets	5,363,854	5,328,999	4,976,642
Capital assets	2,654,756	2,776,154	2,953,063
Total assets	<u>8,018,610</u>	<u>8,105,153</u>	<u>7,929,705</u>
Current Liabilities	<u>33,765</u>	<u>37,466</u>	<u>192,407</u>
Total liabilities	33,765	37,466	192,407
Deferred inflows	<u>787,942</u>	<u>1,113,167</u>	<u>1,063,828</u>
Total deferred inflows	787,942	1,113,167	1,063,828
Net assets			
Restricted - Tabor	46,000	45,000	45,000
Invested in capital assets	2,654,756	2,776,154	2,953,063
Unrestricted	<u>4,496,147</u>	<u>4,133,366</u>	<u>3,675,407</u>
Total net position	<u><u>7,196,903</u></u>	<u><u>6,954,520</u></u>	<u><u>6,673,470</u></u>

The net position of the District increased \$242,383 from \$6,954,520 in 2015 to \$7,196,903 in 2016. The District's total assets decreased from \$8,105,153 in 2015 to \$8,018,610 in 2016 for a difference of \$86,543. The District's liabilities decreased by \$3,701.

REVIEW OF REVENUES

Years ended December 31,	2016	2015	2014
Operating revenues			
Clinic Services	<u>457,825</u>	<u>420,936</u>	<u>432,781</u>
Total	457,825	420,936	432,781
Non-Operating revenues			
Specific Ownership	141,789	147,136	142,549
General Property Taxes	1,107,242	1,060,341	1,027,146
Investment Income	4,700	5,079	7,221
Other Revenue	23,576	22,123	21,209
Contributions	3,721	10,513	1,655
Grants	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>1,281,028</u>	<u>1,245,192</u>	<u>1,199,780</u>
Total revenues	<u><u>1,738,853</u></u>	<u><u>1,666,128</u></u>	<u><u>1,632,561</u></u>

*Other revenues include miscellaneous income and the gain on disposition of capital assets.

Management's Discussion and Analysis

The District's total revenues increased in 2016 by \$72,725 from 2015. This increase corresponds to the increase in the general property taxes received and increased clinic revenues. The Collbran Clinic saw slightly fewer patients and the Mesa Clinic saw an increase in patient visits.

REVIEW OF EXPENSES

Years ended December 31,	2016	2015	2014
Operating expenses			
Medical Clinic	1,126,157	1,091,251	1,036,534
Administration	203,755	212,272	192,592
Depreciation	136,433	151,601	151,414
Total	<u>1,466,345</u>	<u>1,455,124</u>	<u>1,380,540</u>
Non-Operating expenses			
County treasurer's fees	22,140	21,202	20,538
Other expenses	7,985	60,751	0
Tax abatement	0	(151,999)	151,999
Total	<u>30,125</u>	<u>(70,046)</u>	<u>172,537</u>
Total expenses	<u>1,496,470</u>	<u>1,385,078</u>	<u>1,553,077</u>

The District's total expenses increased in 2016 by \$111,392 which is largely due to the reversal of the tax abatement decreasing 2015 expenses.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2016	2015	2014
Grants	0	0	0
Other revenues	23,576	22,123	21,209
Contributions	3,721	10,513	1,655
Total	<u>27,297</u>	<u>32,636</u>	<u>22,864</u>

Capital contributions result from grants, rental income, and contributions for capital improvement.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of depreciation

Capital assets had a net decrease (additions, retirements and depreciation) of \$121,398 from 2015 to 2016.

Years ended December 31,	2016	2015	2014
Non-depreciable capital assets:			
Land	45,122	45,122	45,122
Construction in progress	7,290	37,072	5,418
	<u>52,412</u>	<u>82,194</u>	<u>50,540</u>
Depreciable capital assets:			

Management's Discussion and Analysis

Buildings	3,338,695	3,308,180	3,376,632
Building Improvements	291,231	295,040	295,040
Land Improvements	40,021	40,021	40,021
Equipment	<u>386,239</u>	<u>455,357</u>	<u>451,568</u>
	4,056,186	4,098,598	4,163,261
Less accumulated depreciation	<u>1,453,842</u>	<u>1,404,638</u>	<u>1,260,738</u>
Book value of depreciable capital assets	<u>2,602,344</u>	<u>2,693,960</u>	<u>2,902,523</u>
Total capital assets	<u>2,654,756</u>	<u>2,776,154</u>	<u>2,953,063</u>

The major capital asset additions were as follows:

In 2016: The boiler heating system was replaced in the rental building for a newer, more efficient model. The transmission was also replaced in the plow truck.

In 2015: The demolition process of the old shop began and the construction of its replacement. The Collbran Clinic started on history displays and purchased a new autoclave machine.

In 2014: The signage for the Mesa Clinic was complete as was the new signage at the Collbran campus. The major addition was the new Electronic Medical Records system and related training. The District is also starting work on a display of historical items that have been in storage.

DEBT OUTSTANDING

The District does not have any outstanding debt.

ECONOMIC AND OTHER FACTORS

The economy of the District remained stable. The District will see a significant decrease in tax revenues in 2017 due to a decrease in the assessed valuation. The District allocates excess funds from a given year to reserves which will reduce the impact of the tax decrease. The District continues to operate the old clinic building as rental space and signed a three year lease with the veterinarian who leases the lower level in 2014 and will be up for renewal in November of 2017. The building is currently at full capacity.

The physician hired for the Mesa Clinic continues to gain popularity among patients and continues to see an increase in her patient load. Patient numbers at both clinics remain relatively stable. The landscape of healthcare continues to change as it has in most years.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the District Administrator, Plateau Valley Hospital District, 58128 Highway 330, Collbran, Colorado, 81624.

Plateau Valley Hospital District
STATEMENTS OF NET POSITION

December 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash	\$ 31,162	\$ 23,381
U.S. government securities money market	4,474,996	4,118,617
Due from County Treasurer	11,581	9,951
Accounts receivable, less allowance of \$43,100 and \$79,800 in 2016 and 2015	41,288	46,914
Prepaid expense	16,885	16,969
Property taxes receivable	787,942	1,113,167
Total current assets	<u>5,363,854</u>	<u>5,328,999</u>
Capital assets, net	<u>2,654,756</u>	<u>2,776,154</u>
Total assets	<u>8,018,610</u>	<u>8,105,153</u>
LIABILITIES		
Current liabilities		
Accounts payable	5,806	18,721
Accrued payroll	9,341	7,614
Compensated absences payable	18,618	11,131
Total current liabilities	<u>33,765</u>	<u>37,466</u>
DEFERRED INFLOWS		
Property taxes	787,942	1,113,167
Total deferred inflows	<u>787,942</u>	<u>1,113,167</u>
NET POSITION		
Net investment in capital assets	2,654,756	2,776,154
Restricted - TABOR emergency reserve	46,000	45,000
Unrestricted	4,496,147	4,133,366
Total net position	<u>\$ 7,196,903</u>	<u>\$ 6,954,520</u>

The accompanying notes are an integral part of these statements.

Plateau Valley Hospital District

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended December 31,

	<u>2016</u>	<u>2015</u>
Patient service revenue		
Clinic services (net of contractual allowances and bad debt of \$287,470 and \$311,339 in 2016 and 2015)	\$ 457,825	\$ 420,936
Operating expenses		
Clinic services	1,126,157	1,091,251
Administrative services	203,755	212,272
Depreciation	136,433	151,601
	<u>1,466,345</u>	<u>1,455,124</u>
Operating loss	(1,008,520)	(1,034,188)
Nonoperating revenues (expenses)		
Other revenue	23,576	22,123
General property tax	1,107,242	1,060,341
Specific ownership	141,789	147,136
Contributions	3,721	10,513
Investment income	4,700	5,079
Treasurer's fees	(22,140)	(21,202)
Gain (loss) on disposal or impairment of asset	(7,985)	(60,751)
Tax abatement	-	151,999
	<u>1,250,903</u>	<u>1,315,238</u>
Change in net position	242,383	281,050
Net position at beginning of year	<u>6,954,520</u>	<u>6,673,470</u>
Net position at end of year	<u>\$ 7,196,903</u>	<u>\$ 6,954,520</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Plateau Valley
STATEMENTS OF

Years ended

	2016	2015
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 463,452	\$ 421,272
Cash payments to suppliers	(930,375)	(906,589)
Cash payments to employees	(403,155)	(399,279)
Net cash provided by (used in) operating activities	(870,078)	(884,596)
Cash flows from noncapital financing activities		
Cash received from tax collections	1,225,262	1,185,227
Donations, grants and other revenue received	27,297	32,636
Net cash provided by noncapital financing activities	1,252,559	1,217,863
Cash flows from capital and related financing activities		
Cash received from sale of capital asset	300	-
Purchase of capital assets	(23,321)	(35,443)
Net cash provided by (used in) capital and related financing activities	(23,021)	(35,443)
Cash flows from investing activities		
Interest received	4,700	5,080
Net cash provided by investing activities	4,700	5,080
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	364,160	302,904
Cash and cash equivalents at the beginning of the year	4,141,998	3,839,094
Cash and cash equivalents at the end of the year	<u>\$ 4,506,158</u>	<u>\$ 4,141,998</u>
Cash and cash equivalents consist of the following:		
Cash	\$ 31,162	\$ 23,381
U.S. government money market	4,474,996	4,118,617
	<u>\$ 4,506,158</u>	<u>\$ 4,141,998</u>
Non-cash transactions		
Property tax abatement liability and subsequent reversal	<u>\$ -</u>	<u>\$ (151,999)</u>

The accompanying notes are an integral part of these statements.

Hospital District

CASH FLOWS

December 31,

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Gain to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (1,008,520)	\$ (1,034,188)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	136,433	151,601
Change in assets and liabilities		
(Increase) decrease in accounts receivable	5,626	335
(Increase) decrease in prepaid expense	84	598
Increase (decrease) in accounts payable	(12,915)	13,158
Increase (decrease) in compensated absences payable	7,487	(1,418)
Increase (decrease) in accrued payroll	1,727	(14,682)
Total adjustments	<u>138,442</u>	<u>149,592</u>
	Net cash provided by (used in) operating activities	\$ (884,596)
	<u>\$ (870,078)</u>	<u>\$ (884,596)</u>

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. History and Activity

Plateau Valley Hospital District (District) is a political subdivision of the State of Colorado with all the powers of a public or quasi-municipal corporation. The District is organized to operate and maintain the hospital district and its facilities in the County of Mesa, in the State of Colorado. The District is governed by a Board of Directors consisting of five members. The members must be qualified electors of the District and are elected to staggered four-year terms of office.

2. Reporting Entity

The reporting entity of the District includes those activities and functions over which the District is considered to be financially accountable. The District's financial statements include the accounts and operations of all of the District's functions.

The District is a special-purpose government engaged only in a business-type activity. For this type of government, only enterprise fund financial statements are presented.

The District's financial statements include information for Plateau Valley Health Services (PVHS), a non-profit 501(c)(3) entity whose purpose is solely to provide resources for Plateau Valley Hospital District by seeking funding from grants, contributions, and other sources. The Board of Directors for the District also serves as the Board for PVHS. In light of the foregoing facts, it is appropriate to treat PVHS as a blended component unit for purposes of the financial statements. See Note I for condensed financial information relating to PVHS.

3. Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are similar to those applicable to businesses in the private sector.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds to be presented in the financial statements. Since the operations of the District are accounted for on a fund basis in a single enterprise fund, it is the only fund presented.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise funds may be used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

4. Basis of Accounting

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary (enterprise) funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included on the statement of net position. Net position is categorized as invested in capital assets, restricted and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The District uses the accrual basis of accounting.

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

5. Budgets and Budgetary Accounting

The annual budget is prepared and approved by the Board of Directors in accordance with the State of Colorado *Financial Management Manual* and in accordance with Colorado Revised Statutes. The budget is submitted to Mesa County by December 15 and the District adopts an appropriation resolution for the next fiscal year by that date. The Board of Directors may amend the appropriation resolution at any time during the year if warranted by circumstances.

The District appropriates, and may not exceed appropriations, at a total fund level. The original and final appropriations for the year ended December 31, 2016 and 2015 were \$1,499,865 and \$1,425,487 respectively.

The District's annual appropriations are continuing appropriations, which allow the District to expend appropriated funds during the respective fiscal year or thereafter.

The budget basis of accounting differs from the generally accepted accounting principles (GAAP) basis in that outlays for acquisition of fixed assets are included as expenditures and depreciation is excluded from expenditures.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Capital Assets

Capital assets (property, plant and equipment) are recorded at cost, or in the case of donations, at their estimated fair value on the date donated. Cost includes the capitalization of materials and direct labor for additions made by District personnel. The District's capitalization level is \$1,500 for capital assets.

Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in income.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

	<u>Estimated Lives</u>
Buildings	15 to 50 years
Equipment	5 to 30 years
Land improvements	5 to 10 years

7. Compensated Absences

The District pays full-time employees with at least one year of continuous employment for accumulated annual leave upon termination. Annual leave cannot exceed 240 hours; any hours earned over 240 hours are forfeited. Accumulated unpaid annual leave, if material, is accrued when incurred. Extended illness leave benefits do not vest until at least 10 years of service are provided. Employees may receive compensation for extended illness leave benefits upon termination, if certain service requirements are met.

8. Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with maturities of three months or less to be cash equivalents.

9. Risk Management

The District purchases commercial insurance to manage its risk of loss for all manners of risk (i.e., liability, malpractice, workers compensation, etc.) There have been no reductions in insurance coverage or settlements exceeding insurance coverage for the past three years.

10. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Plateau Valley Hospital District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Participation in health insurance programs

The District participates in Medicare, Medicaid, Blue Cross, and Rocky Mountain Health Maintenance Organization (HMO) health insurance programs. Revenue received under cost reimbursement agreements are subject to audit and retroactive adjustment by third-party payers.

12. Patient service revenue

Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for service rendered.

NOTE B – CASH AND INVESTMENTS

The District's deposits are governed by Colorado statute. 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 maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. All deposits of the District are insured or collateralized with securities held by or for the entity.

The Colorado Divisions of Banking 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.

The bank balance of deposits is \$4,521,566. Of this amount, \$500,000 is insured by the FDIC and the remaining amount of \$4,021,566 is collateralized under PDPA as described above.

NOTE C – PROPERTY TAXES

Property taxes for 2015, collectible in 2016, were certified by the Mesa County Commissioners before December 31, 2015. Property taxes attach as an enforceable lien on January 1, 2016 and are due in total April 30, 2016 or in equal installments February 28, 2016 and June 15, 2016, at the option of the taxpayer.

Property taxes for 2016, collectible in 2017, are shown as property taxes receivable and deferred inflows on the statement of net position in the amount of the assessed taxes. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

Plateau Valley Hospital District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE C – PROPERTY TAXES - CONTINUED

Revenue recognized

Local property taxes levied for 2014 and 2015, which were collected in 2015 and 2016, are recognized as revenue in these financial statements as shown below:

Revenue Year	Assessed Valuation	Mill Levy	Amount of Taxes		Percent Collected
			Levied	Collected	
2015	\$ 132,978,530	8.000	\$1,063,828	\$1,060,341	99.67%
2016	\$ 139,145,930	8.000	\$1,113,167	\$1,107,242	99.47%

NOTE D – COMMITMENTS

The District entered into an operating lease agreement in September 2006 for the use of real property in Mesa, Colorado. The lease was renewed on December 1, 2016 and expires November 30, 2017 with monthly payments of \$668. Increases in rental payments beginning with the sixth additional annual term are a percentage of the prior lease payments or 5%. There is no option to purchase the real property subject to the lease and the maximum number of additional annual renewal terms is thirty (30) years. The lessee has the right to possess and use the Mesa Clinic site for the operation of a public use facility. The lessee is responsible for building maintenance and the lessor is responsible for preparation of the Clinic site.

NOTE E – CAPITAL ASSETS

At December 31, capital asset transactions and balances include the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets:				
Land	\$ 45,122	\$ –	\$ –	\$ 45,122
Construction in progress	37,072	733	(30,515)	7,290
Total capital assets, not being depreciated	82,194	733	(30,515)	52,412
Depreciable assets:				
Buildings	3,308,180	30,515	–	3,338,695
Building improvements	295,040	20,495	(24,304)	291,231
Land improvements	40,021	–	–	40,021
Equipment, fixed	220,963	–	(46,283)	174,680
Equipment, moveable	234,394	2,091	(24,926)	211,559
Total capital assets, being depreciated	4,098,598	53,101	(95,513)	4,056,186

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE E – CAPITAL ASSETS – CONTINUED

Less accumulated depreciation for:				
Buildings	(859,057)	(82,957)	–	(942,014)
Building improvements	(141,945)	(16,084)	19,498	(138,531)
Land improvements	(14,354)	(1,902)	–	(16,256)
Equipment, fixed	(212,676)	(1,270)	43,239	(170,707)
Equipment, moveable	<u>(176,606)</u>	<u>(34,220)</u>	<u>24,492</u>	<u>(186,334)</u>
Total accumulated depreciation	<u>(1,404,638)</u>	<u>(136,433)</u>	<u>87,229</u>	<u>(1,453,842)</u>
Total capital assets, being depreciated, net	<u>2,693,960</u>	<u>(83,332)</u>	<u>(8,284)</u>	<u>2,602,344</u>
Total capital assets, net	<u>\$ 2,776,154</u>	<u>\$ (82,599)</u>	<u>\$ (38,799)</u>	<u>\$ 2,654,756</u>

NOTE F – NET POSITION

The District's Board of Directors has chosen to designate \$200,000 as a capital reserve from unrestricted net position at December 31, 2016.

NOTE G – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment as they have interpreted it. During 2004, the District's voters approved an increase in the mill levy and the ability of the District to accept revenues beyond limitations set in the amendment or by the Legislature.

NOTE H – TAX ABATEMENT

On August 14, 2014, the Board of Assessment Appeals for the State of Colorado issued an Order in Oxy USA INC v. Mesa County Board of Commissioners, requiring the Mesa County Board of Commissioners to cause an abatement/refund of taxes collected against Oxy USA Inc. property for tax year 2011. The District's share of these taxes is approximately \$151,999 and was included as a liability and expense in the basic financial statements of the District at December 31, 2014. During the year ended December 31, 2015, the Colorado Court of Appeals overturned the Board of Assessment Appeals decision and determined that Mesa County, Colorado was not obligated to cause an abatement to Oxy USA, Inc. The estimated liability was adjusted in the December 31, 2015 financial statements to show no liability and an increase in net position due to the change.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE I – BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION

The following is the condensed financial information of Plateau Valley Health Services (PVHS) for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Condensed statement of financial position		
Total current assets	\$ 6,821	\$ 6,821
Total unrestricted net assets	<u>\$ 6,821</u>	<u>\$ 6,821</u>
Condensed statement of activities		
Contributions	\$ -	\$ 5,000
Net assets, beginning	<u>6,821</u>	<u>1,821</u>
Net assets, ending	<u>\$ 6,821</u>	<u>\$ 6,821</u>
Condensed statement of cash flows		
Cash from contributions	\$ -	\$ 5,000
Cash and cash equivalents, beginning	<u>6,821</u>	<u>1,821</u>
Cash and cash equivalents, ending	<u>\$ 6,821</u>	<u>\$ 6,821</u>

SUPPLEMENTAL INFORMATION

Plateau Valley Hospital District

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

Year ended December 31,

	Budgeted Amounts 2016		Actual 2016	Variance Favorable (Unfavorable)	Actual 2015
	Original	Final			
Revenues					
Clinic services	\$ 475,125	\$ 475,125	\$ 745,295	\$ 270,170	\$ 732,275
Contractual adjustments and bad debts	-	-	(287,470)	(287,470)	(311,339)
District revenue	23,600	23,600	17,297	(6,303)	22,636
Other revenue and grants	10,000	10,000	10,000	-	10,000
General property tax	1,113,167	1,113,167	1,107,242	(5,925)	1,060,341
Specific ownership	150,000	150,000	141,789	(8,211)	147,136
Property tax abatement	-	-	-	-	151,999
Investment income	6,000	6,000	4,700	(1,300)	5,079
	<u>1,777,892</u>	<u>1,777,892</u>	<u>1,738,853</u>	<u>(39,039)</u>	<u>1,818,127</u>
Expenses					
Clinic services	1,157,085	1,157,085	1,123,187	33,898	1,087,600
Laboratory/EKG	-	-	2,970	(2,970)	3,651
	<u>1,157,085</u>	<u>1,157,085</u>	<u>1,126,157</u>	<u>30,928</u>	<u>1,091,251</u>
Administrative and general services					
Administration	101,325	101,325	100,553	772	104,745
Utilities	56,460	56,460	48,917	7,543	52,418
Maintenance and environmental services	29,550	29,550	26,042	3,508	28,317
Insurance	28,180	28,180	27,848	332	26,459
Treasurer's fees/interest expense	22,265	22,265	22,140	125	21,202
	<u>237,780</u>	<u>237,780</u>	<u>225,500</u>	<u>12,280</u>	<u>233,141</u>
Capital expenditures	<u>105,000</u>	<u>105,000</u>	<u>23,716</u>	<u>81,284</u>	<u>35,776</u>
	<u>1,499,865</u>	<u>1,499,865</u>	<u>1,375,373</u>	<u>124,492</u>	<u>1,360,168</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES					
	<u>\$ 278,027</u>	<u>\$ 278,027</u>	<u>363,480</u>	<u>\$ 85,453</u>	<u>457,959</u>
Adjustment to budgetary basis:					
Depreciation			(136,433)		(151,601)
Capital expenditures, capitalized			23,321		35,443
Gain (loss) on disposal of assets			(7,985)		(60,751)
Change in net position			<u>\$ 242,383</u>		<u>\$ 281,050</u>