



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

December 31, 2017 and 2016

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**RECEIVED**

Office of the State Auditor

June 14, 2018

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## Management's Discussion and Analysis

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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 2017, net position decreased by \$299,323 (or 4.2%) when compared to 2016.
- Total revenues decreased by \$540,737 (or 31%) to \$1,198,116 for 2017.
- Total operating expenses increased by \$14,247 (or 1%) from 2016 to 2017.
- Total capital assets decreased by \$113,254 to \$2,541,502 in 2017.
- Capital contributions in 2017 increased by \$1,044 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,	2017	2016	2015
Current assets	5,426,774	5,363,854	5,328,999
Capital assets	2,541,502	2,654,756	2,776,154
Total assets	<u>7,968,276</u>	<u>8,018,610</u>	<u>8,105,153</u>
Current Liabilities	<u>245,895</u>	<u>33,765</u>	<u>37,466</u>
Total liabilities	245,895	33,765	37,466
Deferred inflows	<u>824,801</u>	<u>787,942</u>	<u>1,113,167</u>
Total deferred inflows	824,801	787,942	1,113,167
Net assets			
Restricted - Tabor	45,000	44,000	45,000
Invested in capital assets	2,541,502	2,654,756	2,776,154
Unrestricted	4,311,078	4,498,147	4,133,366
Total net position	<u>6,897,580</u>	<u>7,196,903</u>	<u>6,954,520</u>

The net position of the District decreased \$299,323 from \$7,196,903 in 2016 to \$6,897,580 in 2017 of which an estimate of \$200,000 tax abatement is recorded. The District's total assets decreased from \$8,018,610 in 2016 to \$7,968,276 in 2017 for a difference of \$50,334. The District's liabilities increased by \$212,130 due to the abatement.

### REVIEW OF REVENUES

Years ended December 31,	2017	2016	2015
Operating revenues			
Clinic Services	445,581	457,825	420,936
Total	<u>445,581</u>	<u>457,825</u>	<u>420,936</u>
Non-Operating revenues			
Specific Ownership	124,045	141,789	147,136
General Property Taxes	591,635	1,107,242	1,060,341
Investment Income	8,514	4,700	5,079
Other Revenue	24,993	23,576	22,123
Contributions	3,348	3,721	10,513
Grants	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>752,535</u>	<u>1,281,028</u>	<u>1,245,192</u>
Total revenues	<u>1,198,116</u>	<u>1,738,853</u>	<u>1,666,128</u>

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

The District's total revenues decreased in 2017 by \$540,737 from 2016. This decrease corresponds to the decrease in the general property taxes received (partially due to the tax abatement) and decreased clinic revenues. Both clinics had about the same number of doctor visits as the previous year.

Management's Discussion and Analysis

REVIEW OF EXPENSES

Years ended December 31,	2017	2016	2015
<b>Operating expenses</b>			
Medical Clinic	1,137,655	1,126,157	1,091,251
Administration	230,696	203,755	212,272
Depreciation	112,241	136,433	151,601
Total	<u>1,480,592</u>	<u>1,466,345</u>	<u>1,455,124</u>
<b>Non-Operating expenses</b>			
County treasurer's fees	15,833	22,140	21,202
Other expenses	1,013	7,985	60,751
Tax abatement	0**	0	(151,999)
Total	<u>16,846</u>	<u>30,125</u>	<u>(70,046)</u>
Total expenses	<u>1,497,438</u>	<u>1,496,470</u>	<u>1,385,078</u>

\*\* In 2015, the financials showed a \$151,999 tax abatement. In 2017 it is shown as a liability of \$200,000 in the previous tables.

The District's total expenses increased in 2017 slightly by \$968.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2017	2016	2015
Grants	0	0	0
Other revenues	24,993	23,576	22,123
Contributions	3,348	3,721	10,513
Total	<u>28,341</u>	<u>27,297</u>	<u>32,636</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 \$113,254 from 2016 to 2017.

Years ended December 31,	2017	2016	2015
<b>Non-depreciable capital assets:</b>			
Land	45,122	45,122	45,122
Construction in progress	7,290	7,290	37,072
	<u>52,412</u>	<u>52,412</u>	<u>82,194</u>
<b>Depreciable capital assets:</b>			
Buildings	3,338,693	3,338,693	3,308,180
Building Improvements	291,233	291,233	295,040
Land Improvements	40,021	40,021	40,021

## Management's Discussion and Analysis

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Equipment	<u>378,349</u>	<u>386,239</u>	<u>455,357</u>
	4,048,296	4,056,186	4,098,598
Less accumulated depreciation	<u>1,559,206</u>	<u>1,453,842</u>	<u>1,404,638</u>
Book value of depreciable capital assets	<u>2,489,090</u>	<u>2,602,344</u>	<u>2,693,960</u>
Total capital assets	<u>2,541,502</u>	<u>2,654,756</u>	<u>2,776,154</u>

The major capital asset additions were as follows:

In 2017: The lobby furniture at the Mesa Clinic was updated.

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.

### DEBT OUTSTANDING

The District does not have any outstanding debt.

### ECONOMIC AND OTHER FACTORS

The District will see a significant decrease in cash received in 2018 due to the tax abatement which will be withheld from the tax distributions in 2018. The District allocates excess funds from a given year to reserves however it is expected that there will not be excess funds in 2018. The District continues to operate the old clinic building as rental space and signed another three-year lease with the veterinarian who leases the lower level which will end in 2020. The building is currently at full capacity.

Patient numbers at both clinics remain relatively stable. The landscape of healthcare continues to change as it has in most years including how insurance payors pay doctors. The District continues to look at ways to increase reimbursements from those payors. The District also continues to look at what changes in services can benefit the community.

### 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.



INDEPENDENT AUDITOR'S REPORT

April 23, 2018

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, 2017 and 2016, 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, 2017 and 2016, 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.*

Chadwick, Steinkirchner, Davis & Co., P.C.  
Grand Junction, Colorado

Plateau Valley Hospital District  
STATEMENTS OF NET POSITION

December 31,

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash	\$ 27,493	\$ 31,162
U.S. government securities money market	4,512,277	4,474,996
Due from County Treasurer	9,538	11,581
Accounts receivable, less allowance of \$49,950 and \$43,100 in 2017 and 2016	36,199	41,288
Prepaid expense	16,466	16,885
Property taxes receivable	824,801	787,942
Total current assets	<u>5,426,774</u>	<u>5,363,854</u>
Capital assets, net	<u>2,541,502</u>	<u>2,654,756</u>
Total assets	<u>7,968,276</u>	<u>8,018,610</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	12,469	5,806
Accrued payroll	10,854	9,341
Tax refund payable	200,000	-
Compensated absences payable	22,572	18,618
Total current liabilities	<u>245,895</u>	<u>33,765</u>
<b>DEFERRED INFLOWS</b>		
Property taxes	<u>824,801</u>	<u>787,942</u>
Total deferred inflows	<u>824,801</u>	<u>787,942</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,541,502	2,654,756
Restricted - TABOR emergency reserve	45,000	44,000
Unrestricted	4,311,078	4,498,147
Total net position	<u>\$ 6,897,580</u>	<u>\$ 7,196,903</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,

	2017	2016
Patient service revenue		
Clinic services (net of contractual allowances and bad debt of \$337,232 and \$287,470 in 2017 and 2016)	\$ 445,581	\$ 457,825
Operating expenses		
Clinic services	1,137,655	1,126,157
Administrative services	230,696	203,755
Depreciation	112,241	136,433
	<u>1,480,592</u>	<u>1,466,345</u>
Operating loss	(1,035,011)	(1,008,520)
Nonoperating revenues (expenses)		
Other revenue	24,993	23,576
General property tax (net of property tax refund of \$200,000 and \$0 in 2017 and 2016)	591,634	1,107,242
Specific ownership	124,045	141,789
Contributions	3,348	3,721
Investment income	8,514	4,700
Treasurer's fees	(15,833)	(22,140)
Gain (loss) on disposal or impairment of asset	(1,013)	(7,985)
	<u>735,688</u>	<u>1,250,903</u>
Change in net position	(299,323)	242,383
Net position at beginning of year	<u>7,196,903</u>	<u>6,954,520</u>
Net position at end of year	<u>\$ 6,897,580</u>	<u>\$ 7,196,903</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Plateau Valley  
STATEMENTS OF  
Years ended

	2017	2016
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 450,671	\$ 463,452
Cash payments to suppliers	(938,338)	(930,375)
Cash payments to employees	(417,465)	(403,155)
Net cash provided by (used in) operating activities	(905,132)	(870,078)
Cash flows from noncapital financing activities		
Cash received from tax collections	901,889	1,225,262
Donations, grants and other revenue received	28,341	27,297
Net cash provided by noncapital financing activities	930,230	1,252,559
Cash flows from capital and related financing activities		
Cash received from sale of capital assets	-	300
Purchase of capital assets	-	(23,321)
Net cash provided by (used in) capital and related financing activities	-	(23,021)
Cash flows from investing activities		
Interest received	8,514	4,700
Net cash provided by investing activities	8,514	4,700
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,612	364,160
Cash and cash equivalents at the beginning of the year	4,506,158	4,141,998
Cash and cash equivalents at the end of the year	\$ 4,539,770	\$ 4,506,158
Cash and cash equivalents consist of the following:		
Cash	\$ 27,493	\$ 31,162
U.S. government money market	4,512,277	4,474,996
	\$ 4,539,770	\$ 4,506,158
Noncash recognition of tax refund against current year property tax revenue	\$ 200,000	\$ -

The accompanying notes are an integral part of these statements.

Hospital District

CASH FLOWS

December 31,

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Gain to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (1,035,011)	\$ (1,008,520)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	112,241	136,433
Change in assets and liabilities		
(Increase) decrease in accounts receivable	5,089	5,626
(Increase) decrease in prepaid expense	419	84
Increase (decrease) in accounts payable	6,663	(12,915)
Increase (decrease) in compensated absences payable	3,954	7,487
Increase (decrease) in accrued payroll	1,513	1,727
Total adjustments	<u>129,879</u>	<u>138,442</u>
Net cash provided by (used in) operating activities	<u>\$ (905,132)</u>	<u>\$ (870,078)</u>

Plateau Valley Hospital District  
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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**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, 2017 and 2016

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**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, 2017 and 2016 were \$1,442,449 and \$1,499,865 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, 2017 and 2016

**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, 2017 and 2016

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**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 \$4,574,241. Of this amount, \$500,000 is insured by the FDIC and the remaining amount of \$4,074,241 is collateralized under PDPA as described above.

**NOTE C – PROPERTY TAXES**

Property taxes for 2017, collectible in 2018, were certified by the Mesa County Commissioners before December 31, 2017. Property taxes attach as an enforceable lien on January 1, 2018 and are due in total April 30, 2018 or in equal installments February 28, 2018 and June 15, 2018, at the option of the taxpayer.

Property taxes for 2017, collectible in 2018, 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, 2017 and 2016

**NOTE C – PROPERTY TAXES - CONTINUED**

Revenue recognized

Local property taxes levied for 2015 and 2016, which were collected in 2016 and 2017, are recognized as revenue in these financial statements as shown below:

<u>Revenue Year</u>	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
			<u>Levied</u>	<u>Collected</u>	
2016	\$ 132,978,530	8.000	\$1,063,828	\$1,060,341	99.67%
2017	\$ 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, 2017 and expires November 30, 2018 with monthly payments of \$681. 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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 45,122	\$ –	\$ –	\$ 45,122
Construction in progress	7,290	–	–	7,290
Total capital assets, not being depreciated	52,412	–	–	52,412
Depreciable assets:				
Buildings	3,338,693	–	–	3,338,693
Building improvements	291,233	–	–	291,233
Land improvements	40,021	–	–	40,021
Equipment, fixed	174,680	–	–	174,680
Equipment, moveable	211,559	–	(7,890)	203,669
Total capital assets, being depreciated	4,056,186	–	(7,890)	4,048,296

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE E – CAPITAL ASSETS – CONTINUED**

Less accumulated depreciation for:				
Buildings	(942,014)	(79,537)	–	(1,021,551)
Building improvements	(138,531)	(11,277)	–	(149,808)
Land improvements	(16,256)	(1,899)	–	(18,155)
Equipment, fixed	(170,707)	(883)	–	(171,590)
Equipment, moveable	(186,334)	(18,645)	6,877	(198,102)
Total accumulated depreciation	<u>(1,453,842)</u>	<u>(112,241)</u>	<u>6,877</u>	<u>(1,559,206)</u>
Total capital assets,				
being depreciated, net	<u>2,602,344</u>	<u>(112,241)</u>	<u>( 1,013)</u>	<u>2,489,090</u>
Total capital assets, net	<u>\$ 2,654,756</u>	<u>\$ (112,241)</u>	<u>\$ (1,013)</u>	<u>\$ 2,541,502</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, 2017.

**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. In 2017, the case was appealed to the Colorado Supreme Court who overturned the lower court’s ruling and ordered that Mesa County, Colorado was obligated to cause an abatement to Oxy USA, Inc., in the amount of \$120,379 plus interest. The full liability for the District at December 31, 2017 is estimated to be \$200,000.

Plateau Valley Hospital District  
 NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 1 – 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>2017</u>	<u>2016</u>
<b>Condensed statement of financial position</b>		
Total current assets	\$ 6,821	\$ 6,821
Total unrestricted net assets	<u>\$ 6,821</u>	<u>\$ 6,821</u>
<b>Condensed statement of activities</b>		
Contributions	\$ -	\$ -
Net assets, beginning	<u>6,821</u>	<u>6,821</u>
Net assets, ending	<u>\$ 6,821</u>	<u>\$ 6,821</u>
<b>Condensed statement of cash flows</b>		
Cash from contributions	\$ -	\$ -
Cash and cash equivalents, beginning	<u>6,821</u>	<u>6,821</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 2017		Actual 2017	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
<b>Revenues</b>					
Clinic services	\$ 466,370	\$ 466,370	\$ 782,813	\$ 316,443	\$ 745,295
Contractual adjustments and bad debts	-	-	(337,232)	(337,232)	(287,470)
District revenue	24,475	24,475	18,341	(6,134)	17,297
Other revenue and grants	5,300	5,300	10,000	4,700	10,000
General property tax	787,942	787,942	591,634	(196,308)	1,107,242
Specific ownership	102,430	102,430	124,045	21,615	141,789
Investment income	4,500	4,500	8,514	4,014	4,700
	<u>1,391,017</u>	<u>1,391,017</u>	<u>1,198,115</u>	<u>(192,902)</u>	<u>1,738,853</u>
<b>Expenses</b>					
Clinic services	1,152,130	1,152,130	1,133,321	18,809	1,123,187
Laboratory/EKG	-	-	4,334	(4,334)	2,970
	<u>1,152,130</u>	<u>1,152,130</u>	<u>1,137,655</u>	<u>14,475</u>	<u>1,126,157</u>
<b>Administrative and general services</b>					
Administration	111,335	111,335	108,699	2,636	100,553
Utilities	51,850	51,850	49,930	1,920	48,917
Maintenance and environmental services	33,500	33,500	37,046	(3,546)	26,042
Insurance	27,875	27,875	27,506	369	27,848
Treasurer's fees/interest expense	15,759	15,759	15,833	(74)	22,140
	<u>240,319</u>	<u>240,319</u>	<u>239,014</u>	<u>1,305</u>	<u>225,500</u>
Capital expenditures	50,000	50,000	7,515	42,485	23,716
	<u>1,442,449</u>	<u>1,442,449</u>	<u>1,384,184</u>	<u>58,265</u>	<u>1,375,373</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ (51,432)</u>	<u>\$ (51,432)</u>	<u>(186,069)</u>	<u>\$ (134,637)</u>	<u>363,480</u>
<b>Adjustment to budgetary basis:</b>					
Depreciation			(112,241)		(136,433)
Capital expenditures, capitalized			-		23,321
Gain (loss) on disposal of assets			(1,013)		(7,985)
<b>Change in net position</b>			<u>\$ (299,323)</u>		<u>\$ 242,383</u>