

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

December 31, 2019 and 2018

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**INDEPENDENT AUDITOR'S REPORT**

March 30, 2020

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, 2019 and 2018, 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, 2019 and 2018, 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

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 2019, net position increased by \$427,702 (just over 6%) when compared to 2018.
- Total revenues increased by \$473,966 (or almost 34%) to \$1,881,673 for 2019.
- Total operating expenses increased by \$16,817 (or 1.2%) from 2018 to 2019.
- Total capital assets decreased by \$76,765 to \$2,403,492 in 2019.
- Capital contributions in 2019 decreased by \$12,857 due to insurance proceeds received in 2018 only.

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 19)

STATEMENT OF NET POSITION

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

Years ended December 31,	2019	2018	2017
Current assets	6,672,942	5,545,966	5,426,774
Capital assets	<u>2,403,492</u>	<u>2,480,258</u>	<u>2,541,502</u>
Total assets	9,076,434	8,026,224	7,968,276
Current Liabilities	<u>83,267</u>	<u>90,094</u>	<u>245,895</u>
Total liabilities	83,267	90,094	245,895
Property Taxes	<u>1,736,941</u>	<u>1,107,606</u>	<u>824,801</u>
Total deferred inflows	1,736,941	1,107,606	824,801
Net assets			
Restricted - Tabor	56,500	45,000	44,000
Invested in capital assets	2,403,492	2,480,258	2,541,502
Unrestricted	<u>4,796,234</u>	<u>4,303,266</u>	<u>4,312,078</u>
Total net position	<u>7,256,226</u>	<u>6,828,524</u>	<u>6,897,580</u>

The net position of the District increased from \$6,828,524 in 2018 to \$7,256,226 in 2019. The District's total assets increased from \$8,026,224 in 2018 to \$9,076,434 in 2019. The District's liabilities decreased again this year but by a lesser amount than from 2017 to 2018 when the abatement and interest were still listed as liabilities.

REVIEW OF REVENUES

Years ended December 31,	2019	2018	2017
Operating revenues			
Clinic Services	<u>439,727</u>	<u>453,945</u>	<u>445,581</u>
Total	439,727	453,945	445,581
Non-Operating revenues			
Specific Ownership	161,092	120,942	124,045
General Property Taxes	1,141,547	727,521	591,634
Investment Income	99,944	53,079	8,514
Other Revenue*	26,091	38,682	24,993
Contributions	2,632	2,538	3,348
Grants	<u>10,640</u>	<u>11,000</u>	<u>0</u>
Total	<u>1,441,946</u>	<u>953,762</u>	<u>752,534</u>
Total revenues	<u>1,881,673</u>	<u>1,407,707</u>	<u>1,198,115</u>

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

The 2019 general property tax does not include large abatements as seen in the 2 prior years. See Note H for further discussion of the Tax Abatement. The District's total revenues increased in 2019 by \$473,966 from 2018. This increase corresponds to the increase in the general property and specific ownership taxes received as well as the increased interest income.

REVIEW OF EXPENSES

Years ended December 31,	2019	2018	2017
Operating expenses			
Medical Clinic	1,125,167	1,087,100	1,137,655
Administration	217,075	238,313	230,696
Depreciation	88,719	88,731	112,241
Total	<u>1,430,961</u>	<u>1,414,144</u>	<u>1,480,592</u>
Non-Operating expenses			
County treasurer's fees	23,010	12,377	15,833
Other expenses	0	<u>50,242</u>	<u>1,013</u>
Total	<u>23,010</u>	<u>62,619</u>	<u>16,846</u>
Total expenses	<u>1,453,971</u>	<u>1,476,763</u>	<u>1,497,438</u>

The District's total expenses decreased in 2019 by \$22,792.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2019	2018	2017
Grants	10,640	11,000	0
Other revenues	26,091	38,682	24,993
Contributions	2,632	2,538	3,348
Total	<u>39,363</u>	<u>52,220</u>	<u>28,341</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 \$76,765 from 2018 to 2019.

Years ended December 31,	2019	2018	2017
Non-depreciable capital assets:			
Land	45,122	45,122	45,122
Construction in progress	13,399	7,290	7,290
	<u>58,521</u>	<u>52,412</u>	<u>52,412</u>
Depreciable capital assets:			
Buildings	3,338,693	3,338,693	3,338,693
Building Improvements	314,912	314,912	291,233
Land Improvements	40,021	40,021	40,021
Equipment	388,000	<u>382,156</u>	<u>378,349</u>

Management's Discussion and Analysis

	<u>4,081,626</u>	<u>4,075,782</u>	<u>4,048,296</u>
Less accumulated depreciation	<u>1,736,655</u>	<u>1,647,937</u>	<u>1,559,206</u>
Book value of depreciable capital assets	<u>2,344,971</u>	<u>2,427,845</u>	<u>2,489,090</u>
Total capital assets	<u><u>2,403,492</u></u>	<u><u>2,480,257</u></u>	<u><u>2,541,502</u></u>

The major capital asset additions were as follows:

In 2019: A new EKG machine was purchased for the Collbran Clinic, sending the old one to Mesa. A new server was purchased with a deposit of half the total cost. The second half will be billed out in 2020.

In 2018: Both compressors in the heating unit at the Collbran Clinic went out at different times and were replaced. The actual compressor was under warranty but the labor, parts and redirecting piping was not. The equipment breakdown insurance policy covered the labor and parts minus the deductible. A pharmacy refrigerator was replaced with a compliant one.

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

DEBT OUTSTANDING

The District does not have any outstanding debt.

ECONOMIC AND OTHER FACTORS

In 2019, the District was mostly free of the abatement issues of the prior two years although there continued to be some adjustments as audited numbers from Mesa County came in. The increase in reserves for the District correlates to the increase in the tax money the District received. The District allocates excess funds from a given year to reserves. The District continues to operate the old clinic building as rental space and remained mostly full for 2019. The District expenses were lower as the Mesa Clinic was not operating as fully as before due to lack of staffing.

Patient numbers at the Collbran clinic remain relatively stable; however, the Mesa Clinic has experienced some fluctuation from losing a physician in the last quarter of 2018 and not replacing her until later in 2019. The changes in Mesa effects revenue numbers as well as salary expenses since we switched from a physician to a nurse practitioner. The landscape of healthcare continues to change as it has in most years including how insurance companies pay doctors. The District continues to look at ways to increase reimbursements from those payors. The District received a grant from Rocky Mountain Health Plans for practice transformation activities specifically aimed at those changes in how insurance companies want to pay providers. The grant was received in both 2018 and 2019.

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.

Auditors – MD&A Management's Discussion and Analysis

Plateau Valley Hospital District
STATEMENTS OF NET POSITION

December 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash	\$ 15,262	\$ 22,548
Certificates of deposit	4,031,108	981,976
U.S. government securities money market	584,279	3,404,494
Government investment pools	250,740	-
Accounts receivable, less allowance of \$33,730 and \$47,500 in 2019 and 2018	28,687	24,902
Interest receivable	7,630	3,344
Prepaid expense	18,295	1,096
Property taxes receivable	<u>1,736,941</u>	<u>1,107,606</u>
Total current assets	<u>6,672,942</u>	<u>5,545,966</u>
Capital assets, net	<u>2,403,492</u>	<u>2,480,258</u>
Total assets	<u>9,076,434</u>	<u>8,026,224</u>
LIABILITIES		
Current liabilities		
Accounts payable	33,594	11,227
Accrued payroll	11,417	8,688
Tax refund payable	9,930	43,785
Compensated absences payable	<u>28,326</u>	<u>26,394</u>
Total current liabilities	<u>83,267</u>	<u>90,094</u>
DEFERRED INFLOWS		
Property taxes	<u>1,736,941</u>	<u>1,107,606</u>
Total deferred inflows	<u>1,736,941</u>	<u>1,107,606</u>
NET POSITION		
Net investment in capital assets	2,403,492	2,480,258
Restricted - TABOR emergency reserve	56,500	45,000
Unrestricted	<u>4,796,234</u>	<u>4,303,266</u>
Total net position	<u>\$ 7,256,226</u>	<u>\$ 6,828,524</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>2019</u>	<u>2018</u>
Patient service revenue		
Clinic services (net of contractual allowances and bad debt of \$259,398 and \$316,263 in 2019 and 2018)	\$ 439,727	\$ 453,945
Operating expenses		
Clinic services	1,125,167	1,087,100
Administrative services	217,075	238,313
Depreciation	88,719	88,731
	<u>1,430,961</u>	<u>1,414,144</u>
Operating loss	(991,234)	(960,199)
Nonoperating revenues (expenses)		
Other revenue	26,091	38,682
General property tax (net of property tax refund of \$9,930 and \$114,185 in 2019 and 2018)	1,141,547	727,521
Specific ownership	161,092	120,942
Grants	10,640	11,000
Contributions	2,632	2,538
Investment income	99,944	53,079
Treasurer's fees	(23,010)	(12,377)
Interest expense	-	(50,242)
	<u>1,418,936</u>	<u>891,143</u>
Change in net position	427,702	(69,056)
Net position at beginning of year	<u>6,828,524</u>	<u>6,897,580</u>
Net position at end of year	<u>\$ 7,256,226</u>	<u>\$ 6,828,524</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Plateau Valley Hospital District
STATEMENTS OF CASH FLOWS

Years ended December 31,

	2019	2018
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 435,942	\$ 465,242
Cash payments to suppliers	(967,384)	(909,639)
Cash payments to employees	(398,884)	(399,991)
Net cash provided by (used in) operating activities	(930,326)	(844,388)
Cash flows from noncapital financing activities		
Cash received from tax collections	1,279,584	639,168
Donations, grants and other revenue received	39,408	52,220
Net cash provided by noncapital financing activities	1,318,992	691,388
Cash flows from capital and related financing activities		
Purchase of capital assets	(11,953)	(27,487)
Net cash provided by (used in) capital and related financing activities	(11,953)	(27,487)
Cash flows from investing activities		
Purchase of investments	(250,740)	-
Interest received	95,658	49,735
Net cash provided by (used in) investing activities	(155,082)	49,735
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	221,631	(130,752)
Cash and cash equivalents at the beginning of the year	4,409,018	4,539,770
Cash and cash equivalents at the end of the year	<u>\$ 4,630,649</u>	<u>\$ 4,409,018</u>
Cash and cash equivalents consist of the following:		
Cash	\$ 15,262	\$ 22,548
Certificates of deposit	4,031,108	981,976
U.S. government money market	584,279	3,404,494
	<u>\$ 4,630,649</u>	<u>\$ 4,409,018</u>
Noncash recognition of tax refund against current year property tax revenue	<u>\$ 9,930</u>	<u>\$ 43,786</u>

(continued)

The accompanying notes are an integral part of these statements.

Plateau Valley Hospital District
STATEMENTS OF CASH FLOWS

Years ended December 31,

(continued)	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Gain to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (991,234)	\$ (960,199)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	88,719	88,731
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(3,785)	11,297
(Increase) decrease in prepaid expense	(17,199)	15,370
Increase (decrease) in accounts payable	(11,488)	(1,243)
Increase (decrease) in compensated absences payable	1,932	3,822
Increase (decrease) in accrued payroll	2,729	(2,166)
Total adjustments	<u>60,908</u>	<u>115,811</u>
Net cash provided by (used in) operating activities	<u>\$ (930,326)</u>	<u>\$ (844,388)</u>

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018 were \$1,604,202 and \$1,493,796 respectively.

State of Colorado budget law requires all appropriations to expire at year end, and any unspent budgeted appropriations must be re-appropriated in the following year to be spent.

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, 2019 and 2018

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, 2019 and 2018

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

Deposits

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 \$4,641,321. Of this amount, \$1,490,240 is insured by the FDIC and the remaining amount of \$3,152,081 is collateralized under PDPA as described above. \$4,023,413 of the deposits are investments in certificates of deposit which are insured under FDIC.

Investments

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

- Obligations of the United States and certain United States government agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE B – CASH AND INVESTMENTS – CONTINUED

- Local government investment pools

Local Government Investment Pools – As of December 31, 2019, the District had \$250,740 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), a local government investment pool. As an investment pool, Colostrust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. Colostrust invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include US Treasuries, US Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). Colostrust operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. Colostrust is rated AAA by the Standard & Poor’s Corporation. A designated custodial bank provides banking services and trust custody for securities held on behalf of the participating governments in Colostrust. The custodian’s internal records identify the investments owned by the participating governments.

NOTE C – PROPERTY TAXES

Property taxes for 2018, collectible in 2019, were certified by the Mesa County Commissioners before December 31, 2019. Property taxes attach as an enforceable lien on January 1, 2019 and are due in total April 30, 2019 or in equal installments February 28, 2019 and June 15, 2019, at the option of the taxpayer.

Property taxes for 2019, collectible in 2020, 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.

Revenue recognized

Local property taxes levied for 2017 and 2018, which were collected in 2018 and 2019, are recognized as revenue in these financial statements as shown below:

Revenue Year	Assessed Valuation	Mill Levy	Amount of Taxes		Percent Collected
			Levied	Collected	
2018	\$ 103,100,160	8.000	\$ 824,801	\$ 858,377	104.12%
2019	\$ 138,450,700	8.000	\$1,107,606	\$1,141,547	103.00%

Amounts collected are those property taxes collected for the tax year levied. The actual amounts remitted to the District by Mesa County was \$727,520 in 2018. The amount collected in 2018 was net of abatements due to one taxpayer from 2011 and 2012 as described in Footnote H.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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, 2019 and expires November 30, 2020 with monthly payments of \$698. 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	<u>7,290</u>	<u>6,109</u>	<u>–</u>	<u>13,399</u>
Total capital assets, not being depreciated	52,412	6,109	–	58,521
Depreciable assets:				
Buildings	3,338,693	–	–	3,338,693
Building improvements	314,912	–	–	314,912
Land improvements	40,021	–	–	40,021
Equipment, fixed	174,680	–	–	174,680
Equipment, moveable	<u>207,476</u>	<u>5,844</u>	<u>–</u>	<u>213,320</u>
Total capital assets, being depreciated	4,075,782	5,844	–	4,081,626
Less accumulated depreciation for:				
Buildings	(1,097,190)	(75,639)	–	(1,172,829)
Building improvements	(157,346)	(7,686)	–	(165,032)
Land improvements	(20,056)	(1,901)	–	(21,957)
Equipment, fixed	(172,473)	(883)	–	(173,356)
Equipment, moveable	<u>(200,872)</u>	<u>(2,609)</u>	<u>–</u>	<u>(203,481)</u>
Total accumulated depreciation	<u>(1,647,937)</u>	<u>(88,718)</u>	<u>–</u>	<u>(1,736,655)</u>
Total capital assets, being depreciated, net	<u>2,427,845</u>	<u>(82,874)</u>	<u>–</u>	<u>2,344,971</u>
Total capital assets, net	<u>\$ 2,480,257</u>	<u>\$ (76,765)</u>	<u>\$ –</u>	<u>\$ 2,403,492</u>

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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, 2019.

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. The full amount paid for the 2011 abatement during 2018 for the District’s share of the abatement was \$120,379. An additional \$114,185 was charged to the District for the 2012 abatement that was also due to Oxy. Additionally a total of \$141,580 in interest was also charged to the District. At December 31, 2018, the District owed a remaining balance of \$43,785 in tax abatement and interest, and at December 31, 2019, the District owes a remaining balance of \$9,930.

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>2019</u>	<u>2018</u>
Condensed statement of financial position		
Total current assets	\$ 1,821	\$ 1,821
Total unrestricted net assets	<u>\$ 1,821</u>	<u>\$ 1,821</u>

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

**NOTE 1 – BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION -
CONTINUED**

Condensed statement of activities

Expenses	\$	–	\$	(5,000)
Net assets, beginning		<u>1,821</u>		<u>6,821</u>
Net assets, ending	\$	<u>1,821</u>	\$	<u>1,821</u>

Condensed statement of cash flows

Cash from contributions	\$	–	\$	–
Cash and cash equivalents, beginning		<u>1,821</u>		<u>6,821</u>
Cash and cash equivalents, ending	\$	<u>1,821</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 2019		Actual 2019	Variance	Actual 2018
	Original	Final		Favorable (Unfavorable)	
Revenues					
Clinic services	\$ 462,500	\$ 462,500	\$ 699,128	\$ 236,628	\$ 767,759
Contractual adjustments and bad debts	-	-	(259,398)	(259,398)	(313,814)
District revenue	27,985	27,985	28,722	737	41,221
Other revenue and grants	12,000	12,000	10,640	(1,360)	11,000
General property tax	1,107,606	1,107,606	1,141,547	33,941	727,519
Property tax abatement	-	-	-	-	-
Specific ownership	130,000	130,000	161,092	31,092	120,942
Investment income	71,000	71,000	99,944	28,944	53,079
	<u>1,811,091</u>	<u>1,811,091</u>	<u>1,881,675</u>	<u>70,584</u>	<u>1,407,706</u>
Expenses					
Clinic services	1,268,400	1,268,400	1,123,250	145,150	1,083,137
Laboratory/EKG	-	-	1,919	(1,919)	3,963
	<u>1,268,400</u>	<u>1,268,400</u>	<u>1,125,169</u>	<u>143,231</u>	<u>1,087,100</u>
Administrative and general services					
Administration	139,375	139,375	132,391	6,984	144,334
Utilities	52,000	52,000	34,804	17,196	35,642
Maintenance and environmental services	41,500	41,500	22,154	19,346	27,442
Insurance	30,775	30,775	26,258	4,517	26,090
Interest expense	-	-	-	-	50,242
Treasurer's fees/interest expense	22,152	22,152	23,010	(858)	12,377
	<u>285,802</u>	<u>285,802</u>	<u>238,617</u>	<u>47,185</u>	<u>296,127</u>
Capital expenditures	<u>50,000</u>	<u>50,000</u>	<u>13,421</u>	<u>36,579</u>	<u>32,290</u>
	<u>1,604,202</u>	<u>1,604,202</u>	<u>1,377,207</u>	<u>226,995</u>	<u>1,415,517</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES					
	<u>\$ 206,889</u>	<u>\$ 206,889</u>	<u>504,468</u>	<u>\$ 297,579</u>	<u>(7,811)</u>
Adjustment to budgetary basis:					
Depreciation			(88,719)		(88,731)
Capital expenditures, capitalized			<u>11,953</u>		<u>27,486</u>
Change in net position			<u>\$ 427,702</u>		<u>\$ (69,056)</u>