

# **Wray Community District Hospital**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2019 and 2018

# Wray Community District Hospital

## December 31, 2019 and 2018

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## Independent Auditor's Report

Board of Directors  
Wray Community District Hospital  
Wray, Colorado

We have audited the accompanying consolidated financial statements of Wray Community District Hospital (the Hospital) and its discretely presented component unit, Wray Community Hospital Foundation (the Foundation), as of and for the years ended December 31, 2019 and 2018, and the related notes to the consolidated financial statements, which collectively comprise the District's basic consolidated financial statements as listed in the table of contents.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors  
Wray Community District Hospital

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wray Community District Hospital and its discretely presented component unit as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, 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 listed in the table of contents be presented to supplement the basic consolidated financial statements. Such information, although not part of the basic consolidated 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 consolidated 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 consolidated financial statements and other knowledge we obtained during our audit of the basic consolidated 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 2019 audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's basic consolidated financial statements. The consolidating statements of net position information, consolidating revenues and expenses information and the budget to actual information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The consolidating statements of net position information, consolidating revenues and expenses information and the budget to actual information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated 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 consolidated financial statements as a whole.

***BKD, LLP***

Denver, Colorado  
May 28, 2020

# **Wray Community District Hospital**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2019 and 2018**

#### ***Introduction***

This management's discussion and analysis of the financial performance of Wray Community District Hospital (the Hospital) and Wray Community Long Term Care (Hillcrest), collectively referred to as the District provides an overview of the District's financial activities for the years ended December 31, 2019 and 2018. The financial statements for Wray Community Hospital Foundation (the Foundation), a legally separate organization whose operations benefit the District, is discretely presented within the District's financial statements. Unless otherwise noted, the information and financial data included in the management's discussion and analysis relate solely to the District. This management's discussion and analysis should be read in conjunction with the accompanying financial statements of the District.

#### ***Financial Highlights***

- Cash and cash equivalents (excluding noncurrent cash) increased in 2019 by \$845,911, or 150.38%, and decreased in 2018 by \$964,157, or 63.15%
- Short-term investments and noncurrent cash and investments decreased in 2019 by \$474,866, or 8.61%, and decreased in 2018 by \$141,994, or 2.51%
- Net position decreased in 2019 by \$1,202,881, or 6.85%, and decreased in 2018 by \$1,326,444, or 7.02%, over the prior year ending net position
- Total operating revenues increased in 2019 by \$2,786,137, or 11.65%, and increased in 2018 by \$810,750, or 3.51%
- Total operating expenses increased in 2019 by \$2,623,606, or 10.10%, and increased in 2018 by \$497,744, or 1.95%
- The District reported an operating loss of \$1,906,320 in 2019 and an operating loss of \$2,068,851 in 2018
- The District reported an increase in cash from operating activities of \$70,284 in 2019 and a decrease of \$813,750 in 2018

#### ***Using This Annual Report***

The District's financial statements consist of three statements: a consolidated statement of net position; a consolidated statement of revenues, expenses and changes in net position; and a consolidated statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

# **Wray Community District Hospital**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2019 and 2018**

#### ***The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position***

One of the most important questions asked about any District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Consolidated Statement of Net Position and the Consolidated Statement of Revenues, Expenses and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's total net position — the difference between assets and liabilities — is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the District.

#### ***The Statement of Cash Flows***

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

#### ***The District's Net Position***

The District's net position is the difference between its assets and liabilities and deferred inflows of resources reported on the statements of net position. The District's net position decreased in 2019 by \$1,202,881, or 6.85%, and decreased in 2018 by \$1,326,444, or 7.02%, over the prior year ending net position as shown in Table 1.

**Wray Community District Hospital**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2019 and 2018**

**Table 1: Assets, Liabilities and Net Position**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>			
Patient and resident accounts receivable, net	\$ 3,418,495	\$ 4,026,315	\$ 3,595,989
Other current assets	5,393,774	4,431,842	5,385,021
Capital assets, net	11,531,126	12,149,448	12,976,701
Other noncurrent assets	<u>2,389,900</u>	<u>2,894,822</u>	<u>3,056,698</u>
Total assets	<u>\$ 22,733,295</u>	<u>\$ 23,502,427</u>	<u>\$ 25,014,409</u>
<b>Liabilities</b>			
Long-term debt, including current maturities of long-term debt	\$ 2,517,493	\$ 2,364,841	\$ 2,437,639
Other current and noncurrent liabilities	<u>3,453,304</u>	<u>3,184,555</u>	<u>3,310,089</u>
Total liabilities	<u>5,970,797</u>	<u>5,549,396</u>	<u>5,747,728</u>
<b>Deferred Inflows of Resources</b>	<u>401,992</u>	<u>389,644</u>	<u>376,850</u>
<b>Net Position</b>			
Net investment in capital assets	8,035,664	8,983,344	9,709,484
Restricted expendable	349,487	280,393	308,256
Unrestricted	<u>7,975,355</u>	<u>8,299,650</u>	<u>8,872,091</u>
Total net position	<u>16,360,506</u>	<u>17,563,387</u>	<u>18,889,831</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 22,733,295</u>	<u>\$ 23,502,427</u>	<u>\$ 25,014,409</u>

The District's noncurrent assets and other assets increased \$457,010. As billing and collections improved throughout 2019, the District was able to cover operating expenses from patient collections and begin building back up balances in the provider fee & building and equipment savings accounts.

Patient and resident accounts receivable, net, decreased by \$607,820, or 15.10%, in 2019 compared to 2018, which is attributable to a great improvement in revenue cycle and collections, reducing gross accounts receivable days from 2018 to 2019. Net patient and resident service revenue increased \$2,625,323, or 11.09%, in 2019 compared to 2018.

The designation as a Critical Access Hospital has allowed the District to realize a greater percentage of its gross charges due to the fact that the District is reimbursed on a cost basis for Medicare patients. Because the payments from Medicare are estimates until the District files and settles their cost reports each year, the District does expect that it will either receive additional reimbursement or be required to repay Medicare amounts in excess of the amount already recorded. The anticipated net repayment is reflected in estimated amounts due to third-party payers, which is included in current liabilities in Table 1.

**Wray Community District Hospital**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2019 and 2018**

***Operating Results and Changes in the District's Net Position***

In 2019, the District's net position decreased by \$1,202,881, or 6.85%, as shown in Table 2. See Table 2 for the operating results and changes in net position.

**Table 2: Operating Results and Changes in Net Position**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Operating Revenues</b>			
Net patient and resident service revenue	\$ 26,295,433	\$ 23,670,110	\$ 22,456,059
Other operating revenue	<u>405,081</u>	<u>244,267</u>	<u>647,568</u>
Total operating revenues	<u>26,700,514</u>	<u>23,914,377</u>	<u>23,103,627</u>
<b>Operating Expenses</b>			
Salaries and benefits	12,159,939	11,618,958	11,262,704
Purchased services and professional fees	7,367,961	6,558,632	6,499,600
Supplies and other	7,713,801	6,345,565	6,107,244
Depreciation	<u>1,365,133</u>	<u>1,460,073</u>	<u>1,615,936</u>
Total operating expenses	<u>28,606,834</u>	<u>25,983,228</u>	<u>25,485,484</u>
<b>Operating Loss</b>	<u>(1,906,320)</u>	<u>(2,068,851)</u>	<u>(2,381,857)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Property taxes	437,151	420,462	412,391
Net insurance proceeds received	-	46,140	216,081
Loss on disposal of capital assets	(12,521)	-	-
Interest income	49,891	41,602	35,703
Interest expense	<u>(104,137)</u>	<u>(97,192)</u>	<u>(92,435)</u>
Total nonoperating revenues (expenses)	<u>370,384</u>	<u>411,012</u>	<u>571,740</u>
<b>Capital Contributions</b>	<u>333,055</u>	<u>331,395</u>	<u>411,562</u>
<b>Decrease in Net Position</b>	<u>\$ (1,202,881)</u>	<u>\$ (1,326,444)</u>	<u>\$ (1,398,555)</u>

# Wray Community District Hospital

## Management's Discussion and Analysis

### Years Ended December 31, 2019 and 2018

#### **Operating Losses**

The first component of the overall change in the District's net position is its operating loss and generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In fiscal year 2019, the District reported an operating loss of \$1,906,320. In fiscal years 2018 and 2017, the District reported operating losses of \$2,068,851 and \$2,381,857, respectively.

The primary components of the operating results for 2019 are as follows:

- Net patient and resident service revenue increased \$2,625,323, or 11.09%, as compared to 2018. The increase is attributed to a 3% chargemaster increase on January 1, 2019 and volume increases in general and orthopedic surgery. Growth in these departments drove revenue increases in anesthesia, recovery, med/surg, radiology, lab, and physical therapy. In addition, CPC+ Clinic revenue increased 15% in 2019 as compared to 2018. Hospital revenue growth steadily increased throughout 2019 due to the return of a general surgeon to regular schedule and adding an additional orthopedic surgeon. The new CMS reimbursement methodology, effective October 2019, has benefited Hillcrest and improved net resident revenues.
- Salaries and wages (including benefits) increased \$540,981, or 4.66%, as compared to 2018 primarily due to a 1.5% payroll merit increase and six additional Hospital full-time equivalents (FTEs). Hillcrest had a 3.3% decrease in wages due to fewer FTE's but this resulted in a contract nursing increase. In addition, the health insurance expense increased 6% (Hillcrest) and remained flat at the Hospital.
- Purchased services and professional fees increased \$809,329, or 12.34%, as compared to 2018. Purchased services increased at the Hospital in 2019 primarily due to fully outsourcing billing, collections, and coding. Purchased services increased by 47% at Hillcrest due to a 53% increase in contract nursing in 2019.

The primary components of the operating results for 2018 are as follows:

- Net patient and resident service revenue increased \$1,214,051, or 5.41%, as compared to 2017. The increase is attributed to a 3% chargemaster increase on January 1, 2018 and volume increases in radiology, orthopedic surgery, and physical therapy. In addition, charges were corrected and/or increased in ER, PT, IV therapy and perianesthesia. In addition, CPC+ Clinic revenue increased 40% in 2018 as compared to 2017. Revenue growth decelerated in 2018 due to a decrease in general surgery volume (one general surgeon out for majority of the year), the loss of a portion of the 340B program (OP), and the resignation of a Physician's Assistant (PA) in April 2018.
- Salaries and wages (including benefits) increased \$356,254, or 3.16%, as compared to 2017 primarily due to a 3.00% payroll merit increase and five additional Hospital full-time equivalents (FTEs). Hillcrest had a 7% decrease in wages. In addition, the health insurance expense increased 12% (Hospital) and 30% (Hillcrest).

# **Wray Community District Hospital**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2019 and 2018**

- Purchased services and professional fees increased \$59,032, or 0.91%, as compared to 2017. Purchased services decreased at the Hospital in 2018, but increased 35% at Hillcrest due to an increased reliance on contract nursing.

#### ***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist primarily of property taxes levied by the District and investment income and interest expense. Total nonoperating revenues decreased by \$40,628 or 10.97% in 2019 as compared to 2018.

#### ***Review and Analysis***

Recapping the challenges in 2019:

- In 2018, the Hospital contracted with Cerner to perform the functions of billing and collecting of the facility's revenue cycle. Unfortunately, Cerner was not able to perform these duties in 2018. By January 2019, Cerner was still unable to bill and collect properly due to Cerner systems. Cash dropped off precipitously by mid-January forcing the District to begin borrowing against hospital reserves to meet cash demands.
- The District billing and collections department lacked leadership and day-to-day management.
- Hillcrest continued to drain the District of limited resources. Changes in leadership over the years contributed to the lack of oversight of the billing and collection process as well as management of human resources.

The revenue cycle at the Hospital and the continual losses and cash drain from Hillcrest were the major issues and focus for calendar year 2019. The following steps were taken throughout the year to remedy the issues:

- Hired a Revenue Cycle Director to oversee and manage revenue cycle.
- Put in place a revitalized team to run the revenue cycle process.
- Contracted with the Haugan Consulting Group to consult and guide the formation of the revenue cycle program.
- Moved the revenue cycle management from the Chief Operating Officer to the Chief Financial Officer.
- Held Cerner billing and collections team accountable for their failures.
- Contracted with third-party firm to assist with Hillcrest billing and collections.
- Implemented plan to bring Hillcrest to a break-even position.
  - Reduce number of beds, netting a \$98,000 savings per year in provider fees.
  - Change beds from a secure unit to an open unit, thereby reducing staff requirements.
  - Improve marketing to increase census.

# **Wray Community District Hospital**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2019 and 2018**

- Implement plan to reduce the number of expensive traveling nurses/Certified Nursing Assistants (CNA) and from other departments.

By calendar year-end 2019, positive results in these areas were accomplished:

- The Hospital revenue cycle was vastly improved allowing the Hospital to increase cash reserves.
- While Cerner has not completely owned their part of year-end 2018 and early 2019 failures, the company has agreed to reduce charges during that time period. Final charge determinations remain in discussion.
- A chargemaster enhancement was started in the 4<sup>th</sup> quarter 2019 and completed in 2<sup>nd</sup> quarter 2020. Additional improvements to chargemaster are required.
- The Hospital revenue cycle team (in-house, Cerner, Trust Company) is working in tandem with processes (weekly calls) in place to improve billing and collection.
- Hillcrest cash out-flow was stemmed in first quarter of 2019 due to improved billing/collections. As such, Hospital cash transfers to Hillcrest were reduced in 2019 as compared to 2018.
- Hillcrest reduced the number of traveling nurses/CNAs and staff from other departments.
- Hillcrest beds were reduced from 58 to 45, resulting in approximately \$98,000 reduction in provider fees.
- Improved cash flow due to new Medicare reimbursement modeling.
- Hillcrest census increased throughout the year.

To complete these two projects, the following actions have been implemented:

- The Haugan Consulting Group will wrap up its contractual requirements with a set of policies and procedures in place. The contract is expected to terminate by June 30, 2020. The Hospital will retain the Haugan Group on an “as needed” basis to ensure the viability of the revenue cycle team.
- Hillcrest will continue to have Certified Nursing Assistant and Medical Assistant classes to complete the hiring needs of the facility and eliminate the traveling nurses in 2020.
- Hillcrest will take over the billing/collection process from the third-party by the 3<sup>rd</sup> quarter 2020. The third party will also be retained to monitor the accuracy of the inhouse collections effort.

# **Wray Community District Hospital**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2019 and 2018**

#### ***The District's Cash Flows***

Changes in the District's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, as discussed earlier.

#### ***Capital Asset and Debt Administration***

##### **Capital Assets**

At the end of 2019 and 2018, the District had \$11,531,126 and \$12,149,448, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the financial statements.

##### **Debt**

At the end of 2019 and 2018, the District had \$1,933,796 and \$1,990,847, respectively, in outstanding debt, as discussed in Note 8 to the financial statements.

At the end of 2019 and 2018, the District had \$583,697 and \$373,994, respectively, in capital lease payables as detailed in Note 8 to the financial statements. During 2019, the District entered into six capital leases totaling \$367,359.

#### ***Other Economic Factors***

The District is located in a rural farming community. Besides farming, oil and gas production constitutes the primary economic forces in the area. These two sectors of the economy provide a stable source of insurance funding for patients of the District. This helps to hold down the number of uninsured. However, the number of underinsured is increasing. A stagnant population with limited post high school educational opportunities also affects the District's ability to fill staffing shortages in nursing and allied professional positions.

#### ***Contacting the District's Financial Management***

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District Business Administration by telephoning 970.332.4811.

**Wray Community District Hospital**  
**Consolidated Statements of Net Position**  
**December 31, 2019 and 2018**

**Assets**

	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,408,435	\$ 562,524
Short-term investments	2,653,722	2,623,666
Patient accounts receivable, less allowance for uncollectible accounts; 2019 - \$1,134,659 and 2018 - \$2,120,450	3,156,638	3,682,612
Resident accounts receivable	261,857	343,703
Other receivables	424,546	445,307
Supplies	683,674	614,566
Prepaid expenses	<u>223,397</u>	<u>185,779</u>
Total current assets	<u>8,812,269</u>	<u>8,458,157</u>
<b>Noncurrent Cash and Investments</b>		
Internally-designated and restricted deposits held as collateral	1,884,934	2,398,616
Restricted investments	<u>504,966</u>	<u>496,206</u>
Total noncurrent cash and investments	<u>2,389,900</u>	<u>2,894,822</u>
<b>Capital Assets, Net</b>	<u>11,531,126</u>	<u>12,149,448</u>
Total assets	<u>\$ 22,733,295</u>	<u>\$ 23,502,427</u>

**Wray Community District Hospital**  
**Consolidated Statements of Net Position (continued)**  
**December 31, 2019 and 2018**

**Liabilities, Deferred Inflows of Resources and Net Position**

	<b>2019</b>	<b>2018</b>
<b>Current Liabilities</b>		
Short-term notes payable and line of credit	\$ 977,969	\$ 801,263
Current maturities of long-term debt	305,031	203,767
Accounts payable	1,509,707	944,345
Accrued expenses and other current liabilities	717,603	905,725
Estimated amounts due to third-party payers	248,025	533,222
Total current liabilities	3,758,335	3,388,322
<b>Long-term Debt</b>	2,212,462	2,161,074
Total liabilities	5,970,797	5,549,396
<b>Deferred Inflows of Resources - Property Taxes</b>	401,992	389,644
<b>Net Position</b>		
Net investment in capital assets	8,035,664	8,983,344
Restricted expendable for capital assets	349,487	280,393
Unrestricted	7,975,355	8,299,650
Total net position	16,360,506	17,563,387
Total liabilities, deferred inflows of resources and net position	\$ 22,733,295	\$ 23,502,427

**Wray Community Hospital Foundation**  
**(A Component Unit of Wray Community District Hospital)**  
**Consolidated Statements of Financial Position**  
**December 31, 2019 and 2018**

**Assets**

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 9,615	\$ 17,728
Investments	184,825	181,127
Total assets	<b>\$ 194,440</b>	<b>\$ 198,855</b>

**Liabilities and Net Assets**

Net assets, without donor restrictions	\$ 194,440	\$ 198,855
Total liabilities and net assets	<b>\$ 194,440</b>	<b>\$ 198,855</b>

**Wray Community District Hospital**  
**Consolidated Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2019 - \$1,402,243 and 2018 - \$1,255,998	\$ 21,432,666	\$ 19,470,949
Net resident service revenue, net of provision for uncollectible accounts; 2019 - \$75,250 and 2018 - \$0	4,862,767	4,199,161
Other operating revenues	<u>405,081</u>	<u>244,267</u>
Total operating revenues	<u>26,700,514</u>	<u>23,914,377</u>
<b>Operating Expenses and Losses</b>		
Salaries and benefits	12,159,939	11,618,958
Purchased services and professional fees	7,367,961	6,558,632
Supplies and other	7,713,801	6,345,565
Depreciation	<u>1,365,133</u>	<u>1,460,073</u>
Total operating expenses and losses	<u>28,606,834</u>	<u>25,983,228</u>
<b>Operating Loss</b>	<u>(1,906,320)</u>	<u>(2,068,851)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Property taxes	437,151	420,462
Net insurance proceeds received	-	46,140
Loss on disposal of capital assets	(12,521)	-
Interest income	49,891	41,602
Interest expense	<u>(104,137)</u>	<u>(97,192)</u>
Total nonoperating revenues (expenses)	<u>370,384</u>	<u>411,012</u>
<b>Deficiency of Revenues Over Expenses Before Capital Contributions</b>	(1,535,936)	(1,657,839)
<b>Capital Contributions</b>	<u>333,055</u>	<u>331,395</u>
<b>Change in Net Position</b>	(1,202,881)	(1,326,444)
<b>Net Position, Beginning of Year</b>	<u>17,563,387</u>	<u>18,889,831</u>
<b>Net Position, End of Year</b>	<u>\$ 16,360,506</u>	<u>\$ 17,563,387</u>

**Wray Community Hospital Foundation**  
**(A Component Unit of Wray Community Hospital District)**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues Without Donor Restrictions</b>		
Contributions	\$ -	\$ 1,000
<b>Expenses</b>		
Program expenses	7,919	4,851
Administrative expenses	<u>137</u>	<u>174</u>
Total expenses	<u>8,056</u>	<u>5,025</u>
<b>Loss from Operations</b>	(8,056)	(4,025)
<b>Interest Income</b>	<u>3,641</u>	<u>327</u>
<b>Change in Net Assets</b>	(4,415)	(3,698)
<b>Net Assets Without Donor Restrictions, Beginning of Year</b>	<u>198,855</u>	<u>202,553</u>
<b>Net Assets Without Donor Restrictions, End of Year</b>	<u><u>\$ 194,440</u></u>	<u><u>\$ 198,855</u></u>

**Wray Community District Hospital**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Operating Activities</b>		
Receipts from and on behalf of patients	\$ 26,618,056	\$ 23,348,432
Payments to suppliers and contractors	(14,600,283)	(12,745,567)
Payments to employees	(12,348,061)	(11,638,433)
Other receipts and payments, net	400,572	221,818
Net cash provided by (used in) operating activities	70,284	(813,750)
<b>Noncapital Financing Activities</b>		
Property taxes supporting operations	437,151	420,462
Net cash provided by noncapital financing activities	437,151	420,462
<b>Capital and Related Financing Activities</b>		
Principal paid on short-term notes payable and line of credit	(223,294)	-
Principal paid on long-term debt	(214,707)	(206,867)
Proceeds from issuance of line of credit	400,000	-
Purchase of capital assets	(377,198)	(1,418,111)
Interest paid on long-term debt	(104,137)	(97,192)
Insurance proceeds received	-	636,310
Capital contributions	333,055	331,395
Net cash used in capital and related financing activities	(186,281)	(754,465)
<b>Investing Activities</b>		
Interest on investments	49,891	41,602
Change in investments, net	(38,816)	(28,490)
Net cash provided by investing activities	11,075	13,112
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	332,229	(1,134,641)
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,961,140	4,095,781
<b>Cash and Cash Equivalents, End of Year</b>	\$ 3,293,369	\$ 2,961,140

**Wray Community District Hospital**  
**Consolidated Statements of Cash Flows (continued)**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>		
Cash and cash equivalents in current assets	\$ 1,408,435	\$ 562,524
Cash and cash equivalents in noncurrent cash and investments	<u>1,884,934</u>	<u>2,398,616</u>
	<u>\$ 3,293,369</u>	<u>\$ 2,961,140</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>		
Operating loss	\$ (1,906,320)	\$ (2,068,851)
Provision for bad debts	1,477,493	1,255,998
Depreciation	1,365,133	1,460,073
Changes in operating assets and liabilities		
Patient and resident accounts receivable, net	(869,673)	(1,686,324)
Other receivables	33,109	(35,229)
Estimated amounts due to and from third-party payers	(285,197)	108,648
Supplies	(69,108)	44,147
Accounts payable and accrued expenses	362,465	95,008
Other current assets	<u>(37,618)</u>	<u>12,780</u>
Net cash provided by (used in) operating activities	<u>\$ 70,284</u>	<u>\$ (813,750)</u>
<b>Supplemental Cash Flow Information</b>		
Capital lease obligation incurred for property and equipment	\$ 367,359	\$ 105,754
Capital asset acquisitions included in accounts payable	\$ 14,775	\$ -

# **Wray Community District Hospital**

## **Notes to Consolidated Financial Statements**

### **December 31, 2019 and 2018**

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations and Reporting Entity***

Wray Community District Hospital (the Hospital) is a political subdivision formed under the Colorado Revised Statutes as a local service and improvement district to provide medical care to the residents of Yuma County, Colorado, including Wray, Colorado. The Hospital is not a component unit of another governmental entity.

##### ***Blended Component Unit***

The Wray Community Long Term Care, Inc. d/b/a Hillcrest Care Center and The Towers (Hillcrest), is a 45-bed licensed nursing home and 24-unit assisted living facility located in Wray, Colorado. Hillcrest acquired the assets and assumed the operations of the facilities from Hillcrest Senior Living on July 1, 2014. Hillcrest is a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Hillcrest is included as a blended component unit of the Hospital. Collectively, the Hospital and Hillcrest are referred to as the District.

##### ***Discretely Presented Component Unit***

Wray Community Hospital Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation's primary function is to raise and hold funds to support the District and its programs, as well as sponsoring and promoting education and participation in health-related community issues. The majority of the board of the Foundation is self-perpetuating, with the District appointing a minority of the members to the board.

Although the District does not control the timing or amount of receipts from the Foundation, upon dissolution of the Foundation, their assets transfer to the District. As a result, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

During the years ended December 31, 2019 and 2018, the Foundation provided no direct support to the District. Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: P.O. Box 421, Wray, Colorado 80758.

##### ***Basis of Accounting and Presentation***

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions

# **Wray Community District Hospital**

## **Notes to Consolidated Financial Statements**

### **December 31, 2019 and 2018**

and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as county appropriations), property taxes, investment income and interest on capital assets – related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the District's financial reporting entity for these differences.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019 and 2018, cash equivalents consisted primarily of money market accounts with brokers.

#### ***Patient Accounts Receivable***

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the District bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based upon individual credit evaluation and specific circumstances of the account.

#### ***Supplies***

Supply inventories are stated at the lower of cost, determined using the first-in, first-out basis, or net realizable value.

#### ***Investments and Investment Income***

Investments in nonnegotiable certificates of deposit are carried at amortized cost. Investment income includes interest income and accrued interest on nonnegotiable certificates of deposit.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the District:

Buildings and leasehold improvements	5 – 40 years
Equipment	3 – 20 years

**Capital Asset Impairment**

The District evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the year ended December 31, 2019. An impairment loss of \$590,170 was recognized during 2018 for the Hillcrest roof's hail damage. The loss along with insurance proceeds of \$636,310 are included in nonoperating revenues (expenses) in the accompanying statements of revenues, expenses and changes in net position. The loss was determined based on the asset historical cost less accumulated depreciation at the time of impairment.

**Compensated Absences**

The District's policies permit most employees to accumulate vacation benefits. Expense and the related liability are recognized as benefits are earned. Compensated absence liabilities are computed using the regular pay rates in effect at the statements of financial position date, plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

**Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee disability; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years.

**Deferred Inflows of Resources**

The Hospital reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its statements of net position.

# **Wray Community District Hospital**

## **Notes to Consolidated Financial Statements**

### **December 31, 2019 and 2018**

#### ***Net Position***

Net position of the District is classified in three components on its balance sheets.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

#### ***Net Patient Service Revenue***

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

#### ***Charity Care***

The District provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

#### ***Property Taxes***

The District received approximately 2% of its financial support from property taxes in 2019 and 2018. These funds were used to support operations.

Property taxes are assessed on January 1 and are due in one installment on May 1 or in two installments on February 28 and June 15 of each year. Property tax revenue is recognized in the period assessed to the extent such taxes are collected and available for use no later than 60 days after the end of the fiscal year.

#### ***Income Taxes***

As an essential government function, the District is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

# Wray Community District Hospital

## Notes to Consolidated Financial Statements

### December 31, 2019 and 2018

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is subject only to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose.

#### **Note 2: 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 District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes enterprises from its provisions. Enterprises are defined as government-owned businesses authorized to issue revenue bonds and that receive less than 10% of their annual revenue in grants from all state and local governments combined. The District is of the opinion that its operations qualify for this exclusion.

#### **Note 3: Net Patient Service Revenue**

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include the following:

*Medicare.* The District is designated as a Critical Access Hospital. Inpatient acute care services rendered to Medicare program beneficiaries are paid on a cost reimbursed basis. Certain outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and a cost-reimbursement methodology. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary.

*Medicaid.* Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and defined capital costs related to Medicaid beneficiaries are paid based on a cost-reimbursement methodology. The District is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary.

Approximately 45% and 45% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2019 and 2018, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The Colorado Healthcare Affordability Act, designated as House Bill 1293 (HB 1293), was passed during 2009 implementing a provider fee on hospitals to generate matching funds to the state of Colorado from federal sources. Implementation of this act occurred during April of 2010 HB 1293 was superseded by Senate Bill 17-267 which repealed the Hospital Provider Fee and created the Colorado Healthcare Accountability and Sustainability Enterprise (CHASE), with the following effect on the Medical Center's financial statements:

	<b>2019</b>	<b>2018</b>
CHASE supplemental payments included in net patient service revenue	\$ 2,427,097	\$ 2,160,491
CHASE fee included in supplies and other expense	(516,463)	(657,252)
Net effect of SB 17-267	\$ 1,910,634	\$ 1,503,239

**Note 4: Patient and Resident Accounts Receivable**

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at December 31, 2019 and 2018, consisted of the following:

	<b>2019</b>	<b>2018</b>
Medicare	\$ 1,693,346	\$ 2,544,067
Medicaid	1,030,428	1,790,077
Other third-party payers	2,263,121	2,207,004
Patients	1,525,721	2,455,169
	6,512,616	8,996,317
Less		
Allowance for contractals	1,959,462	2,849,552
Allowance for uncollectible accounts	1,134,659	2,120,450
	3,094,121	4,970,002
	\$ 3,418,495	\$ 4,026,315

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 5: Deposits and Investments**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

The Colorado Public Deposit Protection Act requires financial institutions to collateralize any uninsured public deposits. The bank balance is insured by federal insurance (FDIC) for up to \$250,000. Any excess of deposits over the FDIC limit that is not insured is covered by collateral pledged by the financial institution in accordance with the Public Deposit Protection Act.

The District’s bank balances were exposed to custodial credit risk as follows:

	<b>2019</b>	<b>2018</b>
Insured (FDIC) or collateralized with securities held by the District	\$ 750,000	\$ 750,000
Uninsured and collateral held by the pledging financial institution's trust department or agent in other than the District's name	5,929,086	5,725,608
	\$ 6,679,086	\$ 6,475,608

***Investments***

The District may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities. It may also invest, to a limited extent, in equity securities. As of December 31, 2019 and 2018, all investments were in certificates of deposit.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy is limited to purchasing securities that mature within one year of the date of purchase for operating funds and five years or less from the date of purchase for capital reserves. The money market mutual funds are presented as an investment with a maturity of less than one year because the average maturity of the funds is less than one year.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District’s policy to limit its investments to U.S. government-backed securities or insured certificates of deposit or money market accounts.

**Concentration of Credit Risk** – According to the District’s investment policy, only 50% of excess operating funds or capital reserves funds can be invested in any one security.

**Foreign Currency Risk** – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The District’s investment policy does not permit foreign currency at December 31, 2019.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	<u>2019</u>	<u>2018</u>
Carrying value		
Deposits	<u>\$ 6,452,057</u>	<u>\$ 6,081,012</u>
Included in the following statements of net position captions		
Cash and cash equivalents	\$ 1,408,435	\$ 562,524
Short-term investments without restriction	1,730,471	2,078,254
Restricted short-term investments	923,251	545,412
Noncurrent cash and investments		
Internally designated	724,560	1,255,353
Unrestricted portion of deposit held as collateral	-	698,280
Restricted portion of deposit held as collateral	1,111,411	404,557
Restricted for debt service reserve	48,963	40,426
Restricted investments held as collateral	<u>504,966</u>	<u>496,206</u>
	<u>\$ 6,452,057</u>	<u>\$ 6,081,012</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 6: Capital Assets**

Capital assets activity for the years ended December 31, 2019 and 2018 were as follows:

	<b>2019</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals and Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 124,672	\$ -	\$ -	\$ -	\$ 124,672
Buildings and leasehold improvements	19,224,232	-	-	-	19,224,232
Equipment	12,975,791	759,332	(1,874,443)	-	11,860,680
Construction in process	8,662	-	-	-	8,662
	<u>32,333,357</u>	<u>759,332</u>	<u>(1,874,443)</u>	<u>-</u>	<u>31,218,246</u>
Less accumulated depreciation for					
Buildings and leasehold improvements	(9,570,904)	(665,131)	1,861,922	-	(8,374,113)
Equipment	(10,613,005)	(700,002)	-	-	(11,313,007)
	<u>(20,183,909)</u>	<u>(1,365,133)</u>	<u>1,861,922</u>	<u>-</u>	<u>(19,687,120)</u>
Capital assets, net	<u>\$ 12,149,448</u>	<u>\$ (605,801)</u>	<u>\$ (12,521)</u>	<u>\$ -</u>	<u>\$ 11,531,126</u>
	<b>2018</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals and Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 124,672	\$ -	\$ -	\$ -	\$ 124,672
Buildings and leasehold improvements	18,934,485	621,201	(615,919)	284,465	19,224,232
Equipment	12,162,708	593,127	-	219,956	12,975,791
Construction in process	504,421	8,662	-	(504,421)	8,662
	<u>31,726,286</u>	<u>1,222,990</u>	<u>(615,919)</u>	<u>-</u>	<u>32,333,357</u>
Less accumulated depreciation for					
Buildings and leasehold improvements	(8,904,315)	(692,338)	25,749	-	(9,570,904)
Equipment	(9,845,270)	(767,735)	-	-	(10,613,005)
	<u>(18,749,585)</u>	<u>(1,460,073)</u>	<u>25,749</u>	<u>-</u>	<u>(20,183,909)</u>
Capital assets, net	<u>\$ 12,976,701</u>	<u>\$ (237,083)</u>	<u>\$ (590,170)</u>	<u>\$ -</u>	<u>\$ 12,149,448</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 7: Short-term Notes Payable and Line of Credit**

A note payable for \$396,706 was issued November 23, 2015 for capital repairs at Hillcrest. The note matures every year but can be extended at a new interest rate at the option of management. The note is secured by certificates of deposit. Interest is payable quarterly and was 2.27% and 1.98% as of December 31, 2019 and 2018, respectively. The note with a balance of \$396,706 matures on September 2, 2020. It is management's intent to continue to renew the note.

A note payable for \$475,000 was issued May 26, 2016. The note matures every year but can be extended at a new interest rate at the option of management. The note is secured by certificates of deposit. Principal and interest is payable quarterly and was 2.10% and 1.85% as of December 31, 2019 and 2018, respectively. The outstanding balance of the note totaled \$381,263 and \$404,557 as of December 31, 2019 and 2018, respectively, and matures on August 27, 2020. It is management's intent to continue to renew the note.

The Hospital has a \$1,200,000 revolving bank line of credit. The line is collateralized by certificates of deposit. The interest rate on the line is 2.18% and is due April 14, 2020. The outstanding balance of the line totaled \$200,000 as of December 31, 2019. The \$1,200,000 revolving bank line of credit was extended subsequent to December 31, 2019. Extension has an interest rate of 2.08% and matures on October 14, 2020.

The outstanding notes and line of credit contain provisions that in an event of default, the timing of repayment of the outstanding amounts become immediately due as listed in the events of default in the agreements.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 8: Long-term Debt**

The following is a summary of long-term debt transactions for the District for the years ended December 31, 2019 and 2018:

	<b>2019</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Note payable	\$ 409,858	\$ -	\$ (27,458)	\$ 382,400	\$ 28,259
USDA mortgage payable	1,580,989	-	(29,593)	1,551,396	30,646
Capital lease obligations	373,994	367,359	(157,656)	583,697	246,126
Total long-term debt	<u>\$ 2,364,841</u>	<u>\$ 367,359</u>	<u>\$ (214,707)</u>	<u>\$ 2,517,493</u>	<u>\$ 305,031</u>
	<b>2018</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Note payable	\$ 436,476	\$ -	\$ (26,618)	\$ 409,858	\$ 27,458
USDA mortgage payable	1,609,566	-	(28,577)	1,580,989	29,593
Capital lease obligations	391,597	105,754	(123,357)	373,994	146,716
Total long-term debt	<u>\$ 2,437,639</u>	<u>\$ 105,754</u>	<u>\$ (178,552)</u>	<u>\$ 2,364,841</u>	<u>\$ 203,767</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note Payable**

The note payable is due May 31, 2021, due in quarterly installments of principal and interest of \$9,862 and one lump-sum payment of \$349,525, including interest at 3%. The note is secured by investments held by the District. The outstanding note contains a provision that in an event of default, the timing of repayment of the outstanding amounts become immediately due as listed in the events of default in the agreements.

The debt service requirements for the note payable as of December 31, 2019, are as follows:

Year Ending December 31,	Total to be Paid	Principal	Interest
2020	\$ 39,446	\$ 28,259	\$ 11,187
2021	<u>359,384</u>	<u>354,141</u>	<u>5,243</u>
	<u>\$ 398,830</u>	<u>\$ 382,400</u>	<u>\$ 16,430</u>

**USDA Mortgage Payable**

The mortgage payable is due June 1, 2049, due in monthly installments of principal and interest of \$7,038 including interest at 3.5%. The note is secured by certain capital assets, revenues, and other assets. The mortgage agreement contains a provision that in an event of default, the timing of repayment of the outstanding amounts become immediately due as listed in the events of default in the agreements. The debt service requirements as of December 31, 2019, are as follows:

Year Ending December 31,	Total to be Paid	Principal	Interest
2020	\$ 84,456	\$ 30,646	\$ 53,810
2021	84,456	31,736	52,720
2022	84,456	32,864	51,592
2023	84,456	34,033	50,423
2024	84,456	35,244	49,212
2025 - 2029	422,280	195,937	226,343
2030 - 2034	422,280	233,350	188,930
2035 - 2039	422,280	277,906	144,374
2040 - 2044	422,280	330,970	91,310
2045 - 2049	<u>401,166</u>	<u>348,710</u>	<u>52,456</u>
	<u>\$ 2,512,566</u>	<u>\$ 1,551,396</u>	<u>\$ 961,170</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Capital Lease Obligations**

The District is obligated under leases for equipment that are accounted for as capital leases. Significant initial payments were made on certain capital leases. Assets under capital leases at December 31, 2019 and 2018 totaled \$959,389 and \$583,754, respectively, net of accumulated depreciation of \$341,061 and \$221,280, respectively. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 0.0% to 4.5%, together with the present value of the future minimum lease payments as of December 31, 2019:

<b>Year Ending December 31,</b>	
2020	\$ 257,439
2021	133,164
2022	116,374
2023	54,907
2024	50,086
Thereafter	3,673
Total minimum lease payments	615,643
Less amount representing interest	(31,946)
Present value of future minimum lease payments	\$ 583,697

**Note 9: Designated Net Position**

At December 31, 2019 and 2018, \$724,560 and \$1,255,353, respectively, of unrestricted net position has been designated by the District’s Board of Directors for operations and capital acquisitions. Designated net position remains under the control of the Board of Directors, which may, at its discretion, later use this net position for other purposes.

**Note 10: Medical Malpractice Claims**

The District purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District’s claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 11: Pension Plan**

The District contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the plan. The plan is administered by a Board of Trustees appointed by American United Life Insurance Company (AUL). The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body. Contribution rates for plan members and the District expressed as a percentage of covered payroll were 4.0% and 2.1% for 2019 and 5.3% and 2.9% for 2018, respectively. Contributions actually made by the District were approximately \$209,000 and \$197,000 during 2019 and 2018, respectively. Plan members made contributions during 2019 and 2018 of approximately \$393,000 and \$355,000, respectively, which included 457 contributions.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Hospital contributions after completion of seven years of credible service with the District. Nonvested District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's current period contribution requirement. For the years ended December 31, 2019 and 2018, forfeitures reduced the Hospital's pension expense by \$21,688 and \$16,178, respectively.

**Note 12: Deferred Compensation Plan**

The District has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by independent plan administrators through administrative service agreements. The plan is available to all permanent District employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship. Plan assets are held in trust, with the District having no fiduciary responsibility, for the exclusive benefit of the plan participants and their beneficiaries. The assets can not be diverted to any other purpose.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 13: Condensed Combining Information**

The following tables include condensed combining statements of net position, revenues, expenses and changes in net position and cash flows information for the District and its blended component unit for the years ended December 31, 2019 and 2018.

**Statements of Net Position**

	<b>December 31, 2019</b>			<b>Totals</b>
	<b>Hospital</b>	<b>Hillcrest</b>	<b>Eliminations</b>	
<b>Assets</b>				
Current assets	\$ 8,212,032	\$ 600,237	\$ -	\$ 8,812,269
Noncurrent cash and investments	2,340,937	48,963	-	2,389,900
Capital assets, net	<u>7,298,591</u>	<u>4,232,535</u>	-	<u>11,531,126</u>
Total assets	<u>\$ 17,851,560</u>	<u>\$ 4,881,735</u>	<u>\$ -</u>	<u>\$ 22,733,295</u>
<b>Liabilities</b>				
Current liabilities	\$ 3,000,319	\$ 758,016	\$ -	\$ 3,758,335
Long-term debt	<u>691,541</u>	<u>1,520,921</u>	-	<u>2,212,462</u>
Total liabilities	<u>3,691,860</u>	<u>2,278,937</u>	-	<u>5,970,797</u>
<b>Deferred Inflows of Resources -</b>				
<b>Property Taxes</b>	<u>401,992</u>	-	-	<u>401,992</u>
<b>Net Position</b>				
Net investment in capital assets	5,773,685	2,261,979	-	8,035,664
Restricted expendable for capital assets	349,487	-	-	349,487
Unrestricted	<u>7,634,536</u>	<u>340,819</u>	-	<u>7,975,355</u>
Total net position	<u>13,757,708</u>	<u>2,602,798</u>	-	<u>16,360,506</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 17,851,560</u>	<u>\$ 4,881,735</u>	<u>\$ -</u>	<u>\$ 22,733,295</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

	December 31, 2018			
	Hospital	Hillcrest	Eliminations	Totals
<b>Assets</b>				
Current assets	\$ 7,941,183	\$ 525,878	\$ (8,904)	\$ 8,458,157
Noncurrent cash and investments	2,854,396	40,426	-	2,894,822
Capital assets, net	<u>7,607,656</u>	<u>4,541,792</u>	-	<u>12,149,448</u>
Total assets	<u>\$ 18,403,235</u>	<u>\$ 5,108,096</u>	<u>\$ (8,904)</u>	<u>\$ 23,502,427</u>
<b>Liabilities</b>				
Current liabilities	\$ 2,334,322	\$ 1,062,904	\$ (8,904)	\$ 3,388,322
Long-term debt	<u>586,936</u>	<u>1,574,138</u>	-	<u>2,161,074</u>
Total liabilities	<u>2,921,258</u>	<u>2,637,042</u>	<u>(8,904)</u>	<u>5,549,396</u>
<b>Deferred Inflows of Resources - Property Taxes</b>	<u>389,644</u>	-	-	<u>389,644</u>
<b>Net Position</b>				
Net investment in capital assets	6,485,761	2,497,583	-	8,983,344
Restricted expendable for capital assets	280,393	-	-	280,393
Unrestricted	<u>8,326,179</u>	<u>(26,529)</u>	-	<u>8,299,650</u>
Total net position	<u>15,092,333</u>	<u>2,471,054</u>	-	<u>17,563,387</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,403,235</u>	<u>\$ 5,108,096</u>	<u>\$ (8,904)</u>	<u>\$ 23,502,427</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Statements of Revenues, Expenses and Changes in Net Position**

	Year Ended December 31, 2019			Totals
	Hospital	Hillcrest	Eliminations	
<b>Operating Revenues</b>				
Net patient and resident service revenue	\$ 21,432,666	\$ 4,862,767	\$ -	\$ 26,295,433
Other operating revenues	382,972	22,109	-	405,081
Total operating revenues	<u>21,815,638</u>	<u>4,884,876</u>	<u>-</u>	<u>26,700,514</u>
<b>Operating Expenses</b>				
Depreciation	1,057,261	307,872	-	1,365,133
Other operating expenses	22,207,916	5,033,785	-	27,241,701
Total operating expenses	<u>23,265,177</u>	<u>5,341,657</u>	<u>-</u>	<u>28,606,834</u>
<b>Operating Loss</b>	<u>(1,449,539)</u>	<u>(456,781)</u>	<u>-</u>	<u>(1,906,320)</u>
<b>Nonoperating Revenues (Expenses), Net</b>	<u>435,856</u>	<u>(65,472)</u>	<u>-</u>	<u>370,384</u>
<b>Deficiency of Revenues Over Expenses Before Capital Contributions and Related-party Transfer</b>	(1,013,683)	(522,253)	-	(1,535,936)
<b>Transfer from (to) Related Party</b>	(653,997)	653,997	-	-
<b>Capital Contributions</b>	<u>333,055</u>	<u>-</u>	<u>-</u>	<u>333,055</u>
<b>Change in Net Position</b>	(1,334,625)	131,744	-	(1,202,881)
<b>Net Position, Beginning of Year</b>	<u>15,092,333</u>	<u>2,471,054</u>	<u>-</u>	<u>17,563,387</u>
<b>Net Position, End of Year</b>	<u>\$ 13,757,708</u>	<u>\$ 2,602,798</u>	<u>\$ -</u>	<u>\$ 16,360,506</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

	<b>Year Ended December 31, 2018</b>			
	<b>Hospital</b>	<b>Hillcrest</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Operating Revenues</b>				
Net patient and resident service revenue	\$ 19,479,853	\$ 4,199,161	\$ (8,904)	\$ 23,670,110
Other operating revenues	191,755	52,512	-	244,267
Total operating revenues	<u>19,671,608</u>	<u>4,251,673</u>	<u>(8,904)</u>	<u>23,914,377</u>
<b>Operating Expenses</b>				
Depreciation	1,159,564	300,509	-	1,460,073
Other operating expenses	19,681,146	4,850,913	(8,904)	24,523,155
Total operating expenses	<u>20,840,710</u>	<u>5,151,422</u>	<u>(8,904)</u>	<u>25,983,228</u>
<b>Operating Loss</b>	<u>(1,169,102)</u>	<u>(899,749)</u>	<u>-</u>	<u>(2,068,851)</u>
<b>Nonoperating Revenues (Expenses), Net</b>	<u>432,231</u>	<u>(21,219)</u>	<u>-</u>	<u>411,012</u>
<b>Deficiency of Revenues Over Expenses Before Capital Contributions and Related-party Transfer</b>	(736,871)	(920,968)	-	(1,657,839)
<b>Transfer from (to) Related Party</b>	(830,606)	830,606	-	-
<b>Capital Contributions</b>	<u>331,395</u>	<u>-</u>	<u>-</u>	<u>331,395</u>
<b>Change in Net Position</b>	(1,236,082)	(90,362)	-	(1,326,444)
<b>Net Position, Beginning of Year</b>	<u>16,328,415</u>	<u>2,561,416</u>	<u>-</u>	<u>18,889,831</u>
<b>Net Position, End of Year</b>	<u>\$ 15,092,333</u>	<u>\$ 2,471,054</u>	<u>\$ -</u>	<u>\$ 17,563,387</u>

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Statements of Cash Flows**

	<b>Year Ended December 31, 2019</b>		
	<b>Hospital</b>	<b>Hillcrest</b>	<b>Total</b>
Net cash provided by (used in)			
Operating activities	\$ 388,195	\$ (317,911)	\$ 70,284
Noncapital financing activities	(216,846)	653,997	437,151
Capital and related financing activities	(48,452)	(137,829)	(186,281)
Investing activities	10,986	89	11,075
	<u>133,883</u>	<u>198,346</u>	<u>332,229</u>
Cash and cash equivalents, beginning of year	<u>2,772,143</u>	<u>188,997</u>	<u>2,961,140</u>
Cash and cash equivalents, end of year	<u>\$ 2,906,026</u>	<u>\$ 387,343</u>	<u>\$ 3,293,369</u>
	<b>Year Ended December 31, 2018</b>		
	<b>Hospital</b>	<b>Hillcrest</b>	<b>Total</b>
Net cash provided by (used in)			
Operating activities	\$ (223,872)	\$ (589,878)	\$ (813,750)
Noncapital financing activities	(410,144)	830,606	420,462
Capital and related financing activities	(627,766)	(126,699)	(754,465)
Investing activities	13,040	72	13,112
	<u>(1,248,742)</u>	<u>114,101</u>	<u>(1,134,641)</u>
Cash and cash equivalents, beginning of year	<u>4,020,885</u>	<u>74,896</u>	<u>4,095,781</u>
Cash and cash equivalents, end of year	<u>\$ 2,772,143</u>	<u>\$ 188,997</u>	<u>\$ 2,961,140</u>

**Note 14: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

**Allowances for Net Patient Service Revenue Adjustments**

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 1 and Note 3.

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 15: Wray Community Hospital Foundation**

***Financial Statements***

The financial statements of the Foundation are presented in accordance with the provisions of FASB ASC. FASB ASC requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows. As permitted by GASB Statement No. 34, the District has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the District's reporting entity.

***Investments and Investment Return***

Investments at December 31 consisted of the following:

	<b>2019</b>	<b>2018</b>
Certificates of deposit	\$ 184,825	\$ 181,127

Total investment return is composed of the following:

	<b>2019</b>	<b>2018</b>
Interest income	\$ 3,641	\$ 327

**Wray Community District Hospital**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 16: Subsequent Events**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, the state of Colorado has issued shelter-in-place orders and other measures around public gatherings and business operations to slow the spread of the virus. As a result of this guidance, Wray Community District Hospital has significantly curtailed its operations. The District has incurred additional expenses in preparation for a local outbreak of COVID-19, and all elective procedures were placed on hold significantly impacting revenues. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. To ensure the District has adequate cash for operations during this time, the District has applied for and received \$5,197,742 in loans (\$3,185,000 via the Medicare Accelerated and Advance Payment Program, and \$2,012,742 via the SBA Paycheck Protection Program). Management is evaluating the amount, if any, from the loans that may be forgiven. The District has also received \$4,431,448 in restricted grants, of which, \$4,223,201 came from the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

Subsequent events have been evaluated through May 28, 2020, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

**Wray Community District Hospital**  
**Consolidating Statement of Net Position Information**  
**December 31, 2019**

**Assets**

	<u>Hospital</u>	<u>Hillcrest</u>	<u>Eliminations</u>	<u>Totals</u>
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,070,055	\$ 338,380	\$ -	\$ 1,408,435
Short-term investments	2,653,722	-	-	2,653,722
Patient accounts receivable, less allowance for uncollectible accounts; \$1,134,659	3,156,638	-	-	3,156,638
Resident accounts receivable, less allowance for uncollectible accounts; \$0	-	261,857	-	261,857
Other receivables	424,546	-	-	424,546
Supplies	683,674	-	-	683,674
Prepaid expenses	223,397	-	-	223,397
	<u>8,212,032</u>	<u>600,237</u>	<u>-</u>	<u>8,812,269</u>
<b>Noncurrent Cash and Investments</b>				
Internally-designated and restricted deposits held as collateral	1,835,971	48,963	-	1,884,934
Restricted investments	504,966	-	-	504,966
	<u>2,340,937</u>	<u>48,963</u>	<u>-</u>	<u>2,389,900</u>
	<u>7,298,591</u>	<u>4,232,535</u>	<u>-</u>	<u>11,531,126</u>
<b>Capital Assets, Net</b>				
	<u>\$ 17,851,560</u>	<u>\$ 4,881,735</u>	<u>\$ -</u>	<u>\$ 22,733,295</u>

**Wray Community District Hospital**  
**Consolidating Statement of Net Position Information (continued)**  
**December 31, 2019**

**Liabilities, Deferred Inflows of Resources and Net Position**

	<b>Hospital</b>	<b>Hillcrest</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Current Liabilities</b>				
Short-term notes payable and line of credit	\$ 581,263	\$ 396,706	\$ -	\$ 977,969
Current maturities of long-term debt	252,102	52,929	-	305,031
Accounts payables	1,378,697	131,010	-	1,509,707
Accrued expenses and other current liabilities	540,232	177,371	-	717,603
Estimated amounts due to third-party payers	248,025	-	-	248,025
Total current liabilities	3,000,319	758,016	-	3,758,335
<b>Long-term Debt</b>	691,541	1,520,921	-	2,212,462
Total liabilities	3,691,860	2,278,937	-	5,970,797
<b>Deferred Inflows of Resources - Property Taxes</b>	401,992	-	-	401,992
<b>Net Position</b>				
Net investment in capital assets	5,773,685	2,261,979	-	8,035,664
Restricted expendable for capital assets	349,487	-	-	349,487
Unrestricted	7,634,536	340,819	-	7,975,355
Total net position	13,757,708	2,602,798	-	16,360,506
Total liabilities, deferred inflows of resources and net position	<u>\$ 17,851,560</u>	<u>\$ 4,881,735</u>	<u>\$ -</u>	<u>\$ 22,733,295</u>

**Wray Community District Hospital**  
**Consolidating Statement of Revenues, Expenses and**  
**Changes in Net Position Information**  
**Year Ended December 31, 2019**

	<u>Hospital</u>	<u>Hillcrest</u>	<u>Eliminations</u>	<u>Totals</u>
<b>Operating Revenues</b>				
Net patient service revenue, net of provision for uncollectible accounts; \$1,402,243	\$ 21,432,666	\$ -	\$ -	\$ 21,432,666
Net resident service revenue, net of provision for uncollectible accounts; \$75,250	-	4,862,767	-	4,862,767
Other operating revenues	382,972	22,109	-	405,081
Total operating revenues	<u>21,815,638</u>	<u>4,884,876</u>	<u>-</u>	<u>26,700,514</u>
<b>Operating Expenses and Losses</b>				
Salaries and benefits	8,997,697	3,162,242	-	12,159,939
Purchased services and professional fees	6,453,997	913,964	-	7,367,961
Supplies and other	6,756,222	957,579	-	7,713,801
Depreciation	1,057,261	307,872	-	1,365,133
Total operating expenses and losses	<u>23,265,177</u>	<u>5,341,657</u>	<u>-</u>	<u>28,606,834</u>
<b>Operating Loss</b>	<u>(1,449,539)</u>	<u>(456,781)</u>	<u>-</u>	<u>(1,906,320)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	437,151	-	-	437,151
Loss on disposal of capital assets	(11,387)	(1,134)	-	(12,521)
Interest income	49,802	89	-	49,891
Interest expense	(39,710)	(64,427)	-	(104,137)
Total nonoperating revenues (expenses)	<u>435,856</u>	<u>(65,472)</u>	<u>-</u>	<u>370,384</u>
<b>Deficiency of Revenues Over Expenses Before Capital Contributions and Related-party Transfer</b>	(1,013,683)	(522,253)	-	(1,535,936)
<b>Transfer from (to) Related Party</b>	(653,997)	653,997	-	-
<b>Capital Contributions</b>	<u>333,055</u>	<u>-</u>	<u>-</u>	<u>333,055</u>
<b>Change in Net Position</b>	(1,334,625)	131,744	-	(1,202,881)
<b>Net Position, Beginning of Year</b>	<u>15,092,333</u>	<u>2,471,054</u>	<u>-</u>	<u>17,563,387</u>
<b>Net Position, End of Year</b>	<u>\$ 13,757,708</u>	<u>\$ 2,602,798</u>	<u>\$ -</u>	<u>\$ 16,360,506</u>

**Wray Community District Hospital**  
**Budgeted and Actual Revenues and Expenses – Hospital Only**  
**Year Ended December 31, 2019**

	<b>Actual</b>	<b>Budgeted</b>	<b>Favorable (Unfavorable) Variance</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 21,432,666	\$ 21,535,419	\$ (102,753)
Other	<u>382,972</u>	<u>343,780</u>	<u>39,192</u>
Total operating revenues	<u>21,815,638</u>	<u>21,879,199</u>	<u>(63,561)</u>
<b>Operating Expenses</b>			
Salaries, wages and employee benefits	8,997,697	9,275,949	278,252
Other	<u>14,267,480</u>	<u>13,004,553</u>	<u>(1,262,927)</u>
Total operating expenses	<u>23,265,177</u>	<u>22,280,502</u>	<u>(984,675)</u>
<b>Operating Loss</b>	(1,449,539)	(401,303)	(1,048,236)
<b>Net Nonoperating Revenues</b>	<u>435,856</u>	<u>427,002</u>	<u>8,854</u>
<b>Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions</b>	<u>\$ (1,013,683)</u>	<u>\$ 25,699</u>	<u>\$ (1,039,382)</u>