



**SOUTHERN TELLER COUNTY
HEALTH SERVICES DISTRICT**

Management's Discussion and Analysis,

Financial Statements and

Supplemental Information

For the Years Ended December 31, 2020 and 2019

And

Independent Auditors' Report

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southern Teller County Health Services District
Cripple Creek, Colorado

We have audited the accompanying financial statements of Southern Teller County Health Services District (the District), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Teller County Health Services District as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 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 supplemental 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.

Report on Other Supplemental Information

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

Stockman Kast Ryan + Co. LLP

September 21, 2021

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of the financial performance of Southern Teller County Health Services District (the District) provides an overview of the District's financial activities for the years ended December 31, 2020 and 2019. It should be read in conjunction with the accompanying financial statements of the District.

Financial Highlights

- Net position increased by \$1,024,404 in 2020 compared with an increase of \$415,020 in 2019.
- Operating revenues decreased by \$45,525 in 2020.
- Operating expenses increased by \$32,383 in 2020.
- Property tax revenue increased by \$335,446 in 2020.
- Grant revenue increased by \$351,857 in 2020.

Financial Statements

The District's financial statements are prepared using proprietary fund accounting that focuses on the determination of changes in financial position and cash flows in a manner similar to private-sector businesses. 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. The District's financial statements consist of three statements: a *statement of net position*, a *statement of revenues, expenses and changes in net position* and a *statement of cash flows*.

The *statement of net position* presents information on the District's assets, deferred outflows, liabilities and deferred inflows, with the net difference reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents both the operating revenues and expenses and non-operating revenues and expenses along with other changes in net position for the year. This statement is an indication of the success of the District's operations over the past year.

The *statement of cash flows* presents the change in cash and cash equivalents for the year resulting from operating activities, non-capital financing activities, capital and related financing activities and investing activities. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year.

Financial Position

	2020	2019	2018
Assets:			
Current assets	\$ 5,474,524	\$ 4,381,393	\$ 3,546,232
Capital assets, net	<u>1,569,235</u>	<u>1,704,098</u>	<u>1,722,193</u>
Total assets	<u>\$ 7,043,759</u>	<u>\$ 6,085,491</u>	<u>\$ 5,268,425</u>

	2020	2019	2018
Current liabilities	\$ 272,177	\$ 304,035	\$ 231,766
Deferred inflows – deferred property tax revenue	<u>1,501,820</u>	<u>1,536,098</u>	<u>1,206,321</u>
Net position:			
Net investment in capital assets	1,569,235	1,704,098	1,722,193
Restricted for emergency reserve	174,195	58,389	159,209
Unrestricted	<u>3,526,332</u>	<u>2,482,871</u>	<u>1,948,936</u>
Total net position	<u>5,269,762</u>	<u>4,245,358</u>	<u>3,830,338</u>
Total liabilities, deferred inflows and net position	<u>\$ 7,043,759</u>	<u>\$ 6,085,491</u>	<u>\$ 5,268,425</u>

Current assets and net position increased due primarily to operating revenues, property tax, and grant revenue, exceeding the losses from operations during 2020 and 2019. See information on capital assets below under Capital Assets.

Operating Results and Changes in the District's Net Position

The District's net position increased by \$1,024,404 in 2020, compared with an increase in 2019 of \$415,020. These changes in net position are made up of different components as follows:

	2020	2019	2018
Operating revenues:			
Net patient service revenue	\$ 4,263,065	\$ 4,313,566	\$ 3,987,046
Other operating revenues	<u>74,614</u>	<u>69,638</u>	<u>95,408</u>
Total operating revenues	<u>4,337,679</u>	<u>4,383,204</u>	<u>4,082,454</u>
Operating expenses:			
Salaries and wages	3,242,920	3,168,620	2,925,019
Employee benefits	905,092	886,899	789,047
Purchased services and professional fees	472,049	552,022	558,649
Depreciation	267,945	280,773	223,109
Contributed building rent and fuel	55,471	55,560	55,907
Other	<u>871,853</u>	<u>839,073</u>	<u>755,234</u>
Total operating expenses	<u>5,815,330</u>	<u>5,782,947</u>	<u>5,306,965</u>
Non-operating income, net	<u>2,471,466</u>	<u>1,798,228</u>	<u>1,586,964</u>
Excess of revenues over expenses before grants restricted for capital assets	<u>993,815</u>	<u>398,485</u>	<u>362,453</u>
Grants restricted for capital assets	<u>30,589</u>	<u>16,535</u>	<u>100,896</u>
Increase in net position	<u>\$ 1,024,404</u>	<u>\$ 415,020</u>	<u>\$ 463,349</u>

The increase in the change in net position is primarily the result of increases in property tax revenues and the receipt of COVID-19 relief grants. Operating revenues decreased \$45,525 due primarily to decrease in residency at the Nursing Home. Expenses increased \$32,383 from 2019 to 2020 due mainly to an increase in salaries and wages and COVID-19 bonuses.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating income and non-operating income discussed above.

Capital Assets

At December 31, 2020 and 2019, the District had \$1,569,235 and \$1,704,098, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. During 2020, the District acquired capital assets of \$133,082. Depreciation expense totaled \$267,945 during 2020.

Budgetary Comparison

During 2020, the District's increase in net position of \$1,024,404 was over budget by \$1,401,590. See further information on page 17.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances. If you have any questions about this report or need additional financial information, contact District Administration at (719) 689-2931.

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

STATEMENTS OF NET POSITION DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 3,358,498	\$ 2,335,829
Cash held for residents	54,929	14,932
Property taxes receivable	1,501,820	1,536,098
Patient accounts receivable, net	298,881	293,726
Inventory	148,530	105,345
Other current assets	<u>111,866</u>	<u>95,463</u>
Total current assets	5,474,524	4,381,393
CAPITAL ASSETS, NET	<u>1,569,235</u>	<u>1,704,098</u>
TOTAL	<u>\$ 7,043,759</u>	<u>\$ 6,085,491</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 41,509	\$ 59,577
Accrued expenses and other current liabilities	175,739	229,526
Deposits from residents	<u>54,929</u>	<u>14,932</u>
Total current liabilities	<u>272,177</u>	<u>304,035</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	<u>1,501,820</u>	<u>1,536,098</u>
NET POSITION		
Net investment in capital assets	1,569,235	1,704,098
Restricted for emergency reserve	174,195	58,389
Unrestricted	<u>3,526,332</u>	<u>2,482,871</u>
Total net position	<u>5,269,762</u>	<u>4,245,358</u>
TOTAL	<u>\$ 7,043,759</u>	<u>\$ 6,085,491</u>

See notes to financial statements.

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Net patient service revenue, net of provision for bad debts of \$12,489 and \$79,759, respectively	\$ 4,263,065	\$ 4,313,566
Contributed building rent and fuel	55,471	55,560
Other operating revenue	<u>19,143</u>	<u>14,078</u>
Total operating revenues	<u>4,337,679</u>	<u>4,383,204</u>
OPERATING EXPENSES		
Salaries and wages	3,242,920	3,168,620
Employee benefits	905,092	886,899
Purchased services and professional fees	472,049	552,022
Depreciation	267,945	280,774
Contributed building rent and fuel	55,471	55,560
Other	<u>871,853</u>	<u>839,072</u>
Total operating expenses	<u>5,815,330</u>	<u>5,782,947</u>
LOSS FROM OPERATIONS	<u>(1,477,651)</u>	<u>(1,399,743)</u>
NON-OPERATING INCOME (EXPENSE)		
Property taxes	1,653,432	1,317,986
COVID-19 related grants	452,589	
Non-capital grants and gifts	365,348	480,134
Interest income	97	841
Other	<u> </u>	<u>(733)</u>
Non-operating income, net	<u>2,471,466</u>	<u>1,798,228</u>
REVENUES OVER EXPENSES BEFORE OTHER CHANGES IN NET POSITION	993,815	398,485
OTHER CHANGES IN NET POSITION		
Grants restricted for capital assets	<u>30,589</u>	<u>16,535</u>
INCREASE IN NET POSITION	1,024,404	415,020
NET POSITION, Beginning of year	<u>4,245,358</u>	<u>3,830,338</u>
NET POSITION, End of year	<u>\$ 5,269,762</u>	<u>\$ 4,245,358</u>

See notes to financial statements.

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES		
Receipts from and on behalf of patients	\$ 4,257,910	\$ 4,520,759
Payments to suppliers and contractors	(1,421,558)	(1,370,123)
Payments to employees	(4,201,799)	(4,005,421)
Other receipts, net	<u>19,143</u>	<u>14,078</u>
Net cash used in operating activities	<u>(1,346,304)</u>	<u>(840,707)</u>
NON-CAPITAL FINANCING ACTIVITIES		
Non-capital grants and gifts	365,348	480,134
COVID-19 related grants	452,589	
Property taxes	<u>1,653,432</u>	<u>1,317,986</u>
Net cash provided by non-capital financing activities	<u>2,471,369</u>	<u>1,798,120</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(133,082)	(263,412)
Grants restricted for capital assets	<u>30,589</u>	<u>16,535</u>
Net cash used in capital and related financing activities	<u>(102,493)</u>	<u>(246,877)</u>
INVESTING ACTIVITIES		
Net cash provided by investing activities —		
Investment income	<u>97</u>	<u>841</u>
NET INCREASE IN CASH AND EQUIVALENTS	1,022,669	711,377
CASH AND EQUIVALENTS, Beginning of year	<u>2,335,829</u>	<u>1,624,452</u>
CASH AND EQUIVALENTS, End of year	<u>\$ 3,358,498</u>	<u>\$ 2,335,829</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES		
Loss from operations	\$ (1,477,651)	\$(1,399,743)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	267,945	280,774
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(5,155)	207,193
Inventory and other current assets	(59,588)	(1,394)
Accounts payable and accrued expenses	<u>(71,855)</u>	<u>72,463</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (1,346,304)</u>	<u>\$(840,707)</u>

See notes to financial statements.

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General — Southern Teller County Health Services District (the District) is located in Cripple Creek, Colorado. The District operates Cripple Creek Care Center (the Nursing Home) and S.W.T.C. Emergency Medical Services (EMS). The District also includes a fund which accounts for the Mill Levy and Board of Director (Mill Levy) bank accounts and related activity. The District is governed by a Board of Directors consisting of individuals elected by residents of the District. The District does not have component units and is not a component unit of another governmental entity.

Basis of Presentation — The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable statements of the Governmental Accounting Standards Board (GASB). The financial statements 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 non-exchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific, property taxes, investment income, and interest expense are included in non-operating 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 are available.

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 and liabilities 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 Equivalents — The District considers all liquid investments with the original maturities of three months or less to be cash equivalents.

Property Taxes — The District received approximately 24% and 21% of its financial support from property taxes during 2020 and 2019, respectively. These funds were used to support operations.

Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. Under Colorado law, all property taxes attach as an enforceable lien on the property as of January 1 in the year following that in which they are levied. Taxes are levied for the current year prior to November 1 and are payable in full April 30 of the subsequent year or in two installments on February 28 and June 15. Revenue from property taxes is recognized in the year for which the taxes are levied.

Inventory — Inventory is stated at the lower of cost, determined using the first-in, first-out basis, or net realizable value.

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. The District capitalizes all capital assets exceeding \$1,000. 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:

Land improvements	5 – 20 years
Buildings and leasehold improvements	4 – 40 years
Equipment	3 – 20 years

Net Position — The District's net position is classified in the following components:

- **Net Investment in Capital Assets** — This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** — This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted** — This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Income Taxes — The District is exempt from income taxes under the Internal Revenue Code and State law.

Subsequent Events — The District has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. PATIENT ACCOUNTS RECEIVABLE, NET

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 bad debts 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 payors 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 on individual credit evaluation and specific circumstances of the patient or third-party payor. The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. The mix of receivables from third-party payers and patients as of December 31, 2020 and 2019 is as follows:

	2020	2019
Medicaid	38%	45%
Other third-party payors	30%	20%
Private Pay	29%	30%
Medicare	<u>3%</u>	<u>5%</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

Patient accounts receivable are net of allowances for bad debts and contractual adjustments of \$232,483 and \$216,664 as of December 31, 2020 and 2019, respectively.

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. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments and a provision for bad debts.

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare — The District is designated as a Critical Access Hospital and is reimbursed on a cost basis. The District is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the District and audit thereof by the Medicare fiscal intermediary.

Medicaid — Services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates and cost reimbursement methodologies. The District is reimbursed at a tentative rate with final settlement determined after audits by the Medicaid fiscal intermediary.

Approximately 67% and 68% of net patient service revenues are from participation in the Medicare and Medicaid programs for the years ended December 31, 2020 and 2019, 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. Net patient service revenue increased (decreased) by approximately \$(50,500) and \$327,000 during 2020 and 2019, respectively, as the result of prior-year settlements.

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 State of Colorado has implemented a provider fee on Medicaid providers which generates additional federal matching funds. Provider fee revenue and expense were as follows for the years ended December 31, 2020 and 2019:

Provider fee activity is as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Provider fee revenue	\$ 419,368	\$ 351,968
Provider fee expense	<u>(276,664)</u>	<u>(260,742)</u>
Net excess of revenue over expense	<u>\$ 142,704</u>	<u>\$ 91,226</u>

Provider fee revenue has been recorded within net patient service revenue and provider fee expense has been recorded within other operating expenses in the accompanying financial statements.

4. DEPOSITS

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash into eligible public depositories as determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA which allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

At December 31, 2020 and 2019, the carrying amount of the District's cash is \$3,358,498 and \$2,335,829, respectively. The bank balances of these accounts total \$3,599,554 and \$2,382,836, respectively. Of the bank balances, \$762,136 and \$754,171 was covered by federal depository insurance and \$2,837,418 and \$1,628,665 is collateralized with securities held by the pledging financial institution as of December 31, 2020 and 2019, respectively.

5. CAPITAL ASSETS

Capital assets activity is as follows for the years ended December 31, 2020 and 2019:

	Balance at January 1, 2020	Additions	Decreases	Balance at December 31, 2020
2020:				
Land and improvements	\$ 140,337	10,975		\$ 151,312
Building and leasehold improvements	1,578,417	\$ 2,788		1,581,205
Equipment	<u>2,063,963</u>	<u>119,319</u>		<u>2,183,282</u>
Total capital assets	3,782,717	133,082	\$ —	3,915,799
Total accumulated depreciation	<u>(2,078,619)</u>	<u>(267,945)</u>		<u>(2,346,564)</u>
Capital assets, net	<u>\$ 1,704,098</u>	<u>\$ (134,863)</u>	<u>\$ —</u>	<u>\$ 1,569,235</u>
2019:				
Land and improvements	\$ 140,337			\$ 140,337
Building and leasehold improvements	1,538,452	\$ 39,965		1,578,417
Equipment	<u>1,844,666</u>	<u>223,447</u>	\$ (4,150)	<u>2,063,963</u>
Total capital assets	3,523,455	263,412	(4,150)	3,782,717
Total accumulated depreciation	<u>(1,801,262)</u>	<u>(280,774)</u>	<u>3,417</u>	<u>(2,078,619)</u>
Capital assets, net	<u>\$ 1,722,193</u>	<u>\$ (17,362)</u>	<u>\$ (733)</u>	<u>\$ 1,704,098</u>

6. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss. There were no claims resulting from these risks that exceeded commercial insurance coverage during 2020 and 2019.

The District purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Further, the District is subject to the provisions of the Colorado Government Immunity Act which provides a limitation on the liability of the District. The District is not aware of any unasserted claims, unreported incidents or claims outstanding which are expected to exceed malpractice insurance coverage limits as of December 31, 2020 and 2019.

7. TAX, SPENDING AND DEBT LIMITATIONS

In 1999 Colorado voters approved Amendment 1 to the state Constitution which is commonly known as the Taxpayer's Bill of Rights or the TABOR Amendment. The amendment applies to all units of local governments and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). The District believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood without judicial review.

The District has recorded an emergency reserve of 3% of its annual spending as required by TABOR.

8. COVID-19 PANDEMIC AND COVID-19 RELATED GRANTS

In response to the COVID-19 outbreak the CARES Act, was signed into law on March 27, 2020. The CARES Act authorizes funding to hospitals and other health care providers to be distributed through provider relief funds. Payments from the provider relief funds are to be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient for expenses or lost revenues attributed to COVID-19. Provider relief funds received and not used for these purposes by June 30, 2021 are required to be refunded. During 2020, the District was awarded \$392,515 of provider relief funds. The District has recognized \$392,515 of provider relief funds within non-operating income in the accompanying statement of revenues, expenses and changes in net position for the year ended December 31, 2020.

The District received \$60,074 of other COVID-19 related grants in 2020, which were recognized within non-operating income.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity.

**SOUTHERN TELLER COUNTY
HEALTH SERVICES DISTRICT**

Supplemental Information

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

COMBINING STATEMENT OF NET POSITION DECEMBER 31, 2020

	NURSING HOME	S.W.T.C. EMS	MILL LEVY	TOTALS
ASSETS				
CURRENT ASSETS				
Cash and equivalents	\$ 528,515	\$ 861,675	\$ 1,968,308	\$ 3,358,498
Cash held for residents	54,929			54,929
Property taxes receivable			1,501,820	1,501,820
Patient accounts receivable, net	273,704	25,177		298,881
Inventory	33,900	114,630		148,530
Other current assets	106,971	4,895		111,866
Due to (from) affiliates		20,000	(20,000)	
Total current assets	998,019	1,026,377	3,450,128	5,474,524
CAPITAL ASSETS, NET	1,148,305	420,930		1,569,235
TOTAL	\$ 2,146,324	\$ 1,447,307	\$ 3,450,128	\$ 7,043,759
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 27,454	\$ 14,055		\$ 41,509
Accrued expenses and other current liabilities	105,477	70,262		175,739
Deposits from residents	54,929			54,929
Total current liabilities	187,860	84,317	\$ —	272,177
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue			1,501,820	1,501,820
NET POSITION				
Net investment in capital assets	1,148,305	420,930		1,569,235
Restricted for emergency reserve	127,252	44,502	2,441	174,195
Unrestricted	682,907	897,558	1,945,867	3,526,332
Total net position	1,958,464	1,362,990	1,948,308	5,269,762
TOTAL	\$ 2,146,324	\$ 1,447,307	\$ 3,450,128	\$ 7,043,759

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

	NURSING HOME	S.W.T.C. EMS	MILL LEVY	TOTALS
OPERATING REVENUES				
Net patient service revenue	\$ 3,858,481	\$ 404,584		\$ 4,263,065
Contributed building rent and fuel		55,471		55,471
Other operating revenue	17,730	1,413		19,143
Total operating revenues	3,876,211	461,468	\$ —	4,337,679
OPERATING EXPENSES				
Salaries and wages	2,373,847	869,073		3,242,920
Employee benefits	564,462	340,630		905,092
Purchased services and professional fees	413,468	35,222	23,359	472,049
Depreciation	188,856	79,089		267,945
Contributed building rent and fuel		55,471		55,471
Other	709,939	103,905	58,009	871,853
Total operating expenses	4,250,572	1,483,390	81,368	5,815,330
INCOME (LOSS) FROM OPERATIONS	(374,361)	(1,021,922)	(81,368)	(1,477,651)
NON-OPERATING INCOME (EXPENSE)				
Property taxes			1,653,432	1,653,432
COVID-19 related grants	452,589			452,589
Non-capital grants and gifts		365,348		365,348
Interest income	97			97
Non-operating income, net	452,686	365,348	1,653,432	2,471,466
REVENUES OVER (UNDER) EXPENSES BEFORE OTHER CHANGES IN NET POSITION	78,325	(656,574)	1,572,064	993,815
OTHER CHANGES IN NET POSITION				
Transfers from (to) affiliates	71,791	941,095	(1,012,886)	
Grants restricted for capital assets	30,589	30,589		30,589
INCREASE IN NET POSITION	150,116	315,110	559,178	1,024,404
NET POSITION, Beginning of year	1,808,348	1,047,880	1,389,130	4,245,358
NET POSITION, End of year	\$ 1,958,464	\$ 1,362,990	\$ 1,948,308	\$ 5,269,762

SOUTHERN TELLER COUNTY HEALTH SERVICES DISTRICT

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES – COMPARED TO BUDGET FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Actual	Favorable (Unfavorable) Variance
OPERATING REVENUES			
Net patient service revenue	\$ 4,322,970	\$ 4,263,065	\$ (59,905)
Contributed building rent and fuel		55,471	55,471
Other operating revenue	<u>12,200</u>	<u>19,143</u>	<u>6,943</u>
Total operating revenues	<u>4,335,170</u>	<u>4,337,679</u>	<u>2,509</u>
OPERATING EXPENSES			
Salaries and benefits	4,374,460	4,148,012	226,448
Contributed building rent and fuel		55,471	(55,471)
Other	<u>1,796,248</u>	<u>1,611,847</u>	<u>184,401</u>
Total operating expenses	<u>6,170,708</u>	<u>5,815,330</u>	<u>355,378</u>
LOSS FROM OPERATIONS	<u>(1,835,538)</u>	<u>(1,477,651)</u>	<u>357,887</u>
NON-OPERATING INCOME AND CAPITAL GRANTS			
Property taxes	1,207,352	1,653,432	446,080
Non-capital and capital grants and gifts	300,000	848,526	548,526
Other	<u>(49,000)</u>	<u>97</u>	<u>49,097</u>
Total non-operating income and capital grants	<u>1,458,352</u>	<u>2,502,055</u>	<u>1,043,703</u>
INCREASE IN NET POSITION	<u>\$ (377,186)</u>	<u>\$ 1,024,404</u>	<u>\$ 1,401,590</u>