

HAXTUN HOSPITAL DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Haxtun Hospital District
Haxtun, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Haxtun Hospital District (the District), which comprise the statements of net position as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Haxtun Hospital District as of December 31, 2021 and 2020, and the results of their operations, changes in their net position, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Haxtun Hospital District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Haxtun Hospital District's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Haxtun Hospital District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haxtun Hospital District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

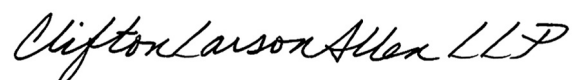
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the budgeted and actual revenues and expenses on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
July 25, 2022

**HAXTUN HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INTRODUCTION

This management's discussion and analysis of Haxtun Hospital District (the District) provides an overview of the District's financial activities for the years ended December 31, 2021 and 2020. It should be read in conjunction with the accompanying financial statements of the District, which begin on page 10.

USING THIS ANNUAL REPORT

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. 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.

FINANCIAL HIGHLIGHTS

- The District's current cash and cash equivalents decreased in 2021 by \$1,794,177, or 22%, compared to an increase of \$5,858,887, or 269%, in 2020.
- Capital assets increased in 2021 by \$2,980,166, or 120%, compared to an increase of \$1,041,086, or 72% in 2020.
- Current liabilities decreased in 2021 by \$2,405,811, or 38%, compared to an increase of \$5,100,702, or 398%, in 2020.
- Net position increased in 2021 by \$3,353,658, or 56%, compared to an increase \$2,200,971, or 59%, in 2020.
- Net operating revenues increased by \$2,306,045, or 23%, in 2021, compared to an increase of \$1,218,246, or 14%, in 2020.
- Operating expenses increased by \$1,909,657, or 18%, in 2021, compared to an increase of \$1,038,022, or 11%, in 2020.
- Nonoperating revenues (expenses) decreased by \$544,849, or 21%, in 2021, compared to an increase of \$1,540,245, or 151%, in 2020.

THE STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

One of the most important questions asked about any organization's finances is, "Is the organization as a whole better or worse off as a result of the year's activities?" The statement of net position and the 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.

**HAXTUN HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

THE STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

These two statements report the District's net position and changes in it. 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 is an indicator of whether their 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 final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operations, noncapital financing activities, capital and related financing activities, and investing 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 reported in the statements of net position. The District's net position increased \$3,353,658 (56%) in 2021 compared to an increase of \$2,200,971 (59%) in 2020 as shown in Table 1.

TABLE 1: ASSETS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

| | 2021 | 2020 | 2019 |
|--|----------------------|----------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 6,239,562 | \$ 8,033,739 | \$ 2,174,852 |
| Patient Accounts Receivable, Net | 1,263,418 | 1,363,346 | 1,364,634 |
| Other Current Assets | 735,855 | 1,029,387 | 807,217 |
| Capital Assets, Net | 5,471,561 | 2,491,395 | 1,450,309 |
| Noncurrent Cash and Cash Equivalents | 49,753 | 49,726 | 49,631 |
| Total Assets | <u>\$ 13,760,149</u> | <u>\$ 12,967,593</u> | <u>\$ 5,846,643</u> |
| LIABILITIES | | | |
| Current Liabilities | \$ 3,976,854 | \$ 6,382,665 | \$ 1,281,963 |
| Long-Term Debt | 164,249 | 328,577 | 509,279 |
| Total Liabilities | <u>4,141,103</u> | <u>6,711,242</u> | <u>1,791,242</u> |
| Deferred Inflows from Property Taxes | 325,084 | 316,047 | 316,068 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 5,107,869 | 1,827,096 | 697,174 |
| Restricted Nonexpendable | 49,753 | 49,726 | 49,631 |
| Restricted Expendable | - | 286,639 | 394,122 |
| Unrestricted | 4,136,340 | 3,776,843 | 2,598,406 |
| Total Net Position | <u>9,293,962</u> | <u>5,940,304</u> | <u>3,739,333</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 13,760,149</u> | <u>\$ 12,967,593</u> | <u>\$ 5,846,643</u> |

**HAXTUN HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

THE DISTRICT'S ASSETS AND LIABILITIES

The most noteworthy changes in 2021 to the District's statement of net position are the decreases in cash and cash equivalents and current liabilities along with the increases in capital assets. The statement of net position shows that current cash and cash equivalents decreased \$1,794,177 between 2021 and 2020. The decrease was primarily driven by amounts spent on capital projects in fiscal year 2021. During 2021 capital assets increased by \$2,980,166 as a result of capital asset additions related to the ongoing construction in progress projects. Current liabilities decreased in 2021 primarily as a result of recognizing grant funds that had been deferred as of December 31, 2020 along with starting to repay funds received under the Medicare Advanced Payment Program.

The most noteworthy changes in 2020 to the District's statement of net position are the increases in cash and cash equivalents, net capital assets, and current liabilities. The statement of net position shows that current cash and cash equivalents increased \$5,858,887 between 2020 and 2019. As a result of the COVID-19 pandemic the District received a Paycheck Protection Program loan, payments from the Medicare Advanced Payment Program, and U.S. Department of Health and Human Services Provider Relief Funds to assist with cash flow impacts. Capital assets increased \$1,041,086 between 2020 and 2019 as a result of capital asset additions in the current year. Current liabilities increased in 2020 primarily as a result of the assistance received related to the COVID-19 pandemic which cause the increase in total cash and cash equivalents.

**HAXTUN HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

OPERATING RESULTS AND CHANGES IN DISTRICT'S NET POSITION

In 2021, the District's net position increased by \$3,353,658, compared to an increase of \$2,200,971 in 2020. See Table 2 for the operating results and changes in net position.

| | 2021 | 2020 | 2019 |
|---|---------------|---------------|--------------|
| OPERATING REVENUES | | | |
| Net Patient Service Revenues | \$ 12,371,682 | \$ 10,089,564 | \$ 8,873,941 |
| Other Operating Revenues | 94,877 | 70,950 | 68,327 |
| Total Operating Revenues | 12,466,559 | 10,160,514 | 8,942,268 |
| OPERATING EXPENSES | | | |
| Salaries, Wages, and Employee Benefits | 7,076,293 | 6,602,437 | 5,964,416 |
| Purchased Services and Professional Fees | 2,307,187 | 1,340,150 | 1,430,091 |
| Supplies and Other | 2,698,193 | 2,231,971 | 1,715,025 |
| Depreciation | 347,449 | 344,907 | 371,911 |
| Total Operating Expenses | 12,429,122 | 10,519,465 | 9,481,443 |
| OPERATING GAIN (LOSS) | 37,437 | (358,951) | (539,175) |
| NONOPERATING REVENUES AND EXPENSES | | | |
| Property Taxes | 352,237 | 351,675 | 414,389 |
| Interest Income | 1,661 | 5,645 | 4,781 |
| Interest Expense | (15,344) | (23,386) | (26,566) |
| Other Nonoperating Revenues and Expenses, Net | 1,676,519 | 2,225,988 | 627,073 |
| Net Nonoperating Revenues | 2,015,073 | 2,559,922 | 1,019,677 |
| EXCESS OF REVENUES OVER EXPENSES | 2,052,510 | 2,200,971 | 480,502 |
| Capital Grants | 1,301,148 | - | 611,077 |
| INCREASE IN NET POSITION | \$ 3,353,658 | \$ 2,200,971 | \$ 1,091,579 |

**HAXTUN HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

OPERATING GAIN (LOSS)

The first component of the overall change in the District's net position is its operating gain (loss), which is the difference between net patient service revenue and the expenses incurred to perform those services. In 2021, the District reported an operating gain of \$37,437. The District's management and staff have worked together to ensure quality patient care while keeping rates to patients competitive with other hospitals.

Net patient service revenue of \$12.4 million in 2021 represented a 23% increase over 2020. The District experienced an increase in volumes throughout 2021, which contributed to the increase in net patient service revenues. Salaries, wages, and employee benefits increased in 2021 by approximately \$474,000 or 8%, as a result of wage increases by the District. Purchased services and professional fees increased by approximately \$967,000 or 72%, as a result of increased contract labor costs in 2021 along with the District expensing some capital projects that were determined they were not going to move forward. Supplies and other expenses increased approximately \$466,000 or 21% as a result of increased supplies related to increase patient revenues and additional costs related to the COVID-19 pandemic.

The provision for bad debt in 2021 decreased from 2020 by 67%. It is important to note that the allowance for self-pay accounts receivable, inclusive of bad debt reserve, was approximately \$209,000 and \$229,000 for 2021 and 2020, respectively.

Net patient service revenue of \$10.1 million in 2020 represented a 13.7% increase over 2019. The District experienced an increase in volumes throughout 2020, which contributed to the increase in net patient service revenues. Salaries, wages, and employee benefits increased in 2020 by approximately \$638,000 or 10.7%, as a result of wage increases by the District. Supplies and other expenses increased approximately \$517,000 or 30.1% as a result of increased supplies related to increase patient revenues and additional costs related to the COVID-19 pandemic.

The provision for bad debt in 2020 decreased from 2019 by 4%. It is important to note that the allowance for self-pay accounts receivable, inclusive of bad debt reserve, was approximately \$229,000 and \$242,000 for 2021 and 2020, respectively.

NONOPERATING REVENUES AND EXPENSES

Nonoperating revenues and expenses consist primarily of property tax revenue, interest expense, and grants and contributions. Property tax revenues remained consistent between 2021 and 2020. Interest expense decreased 34% in 2021 and 12% in 2020. Grant and contribution revenues decreased between 2021 and 2020 by \$549,469 or 25%, which was primarily the result of decrease in grant funds received.

THE DISTRICT'S CASH FLOWS

Even through the District experienced an operating gain in 2021 it experienced a decline in cash flows primarily as a result of increased capital expenditures along with repaying funds that had been received under the Medicare Advanced Payment Program.

**HAXTUN HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

CAPITAL ASSETS, NET

The District's capital assets, net of accumulated depreciation, increased from \$2,491,395 in 2020, to \$5,471,561 in 2021, as detailed in Note 6 to the financial statements. The District purchased approximately \$3.4 million in capital assets in 2021, which was offset by continued depreciation on capital assets that have been placed in service.

LONG-TERM DEBT

At December 31, 2021 and 2020, the District had long-term debt (excluding current portion) of \$164,249 and \$328,577, respectively, in general obligation bonds, a promissory note, and a capital lease obligation. The District entered into no new capital lease obligations in 2021. The decrease from 2021 is due to principal payments being made on the outstanding debt, as detailed in Note 8 to the financial statements.

OTHER ECONOMIC FACTORS

The District operates in rural Colorado in Phillips County, which is predominantly made up of farming communities. Additional economic factors impacting the District include population shifts, increasing numbers of uninsured or underinsured patients, and increasing costs of recruiting, hiring, and retaining health care professionals.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money they receive. Questions about this report and requests for additional financial information should be directed to the District's executive office by telephoning 970-774-6123.

**HAXTUN HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

| ASSETS | 2021 | 2020 |
|--|---------------|---------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 6,239,562 | \$ 8,033,739 |
| Receivables: | | |
| Patient Accounts Receivable, Net | 1,263,418 | 1,363,346 |
| Property Taxes | 328,158 | 318,684 |
| Estimated Amounts Due from Third-Party Payors | - | 259,000 |
| Other | 71,105 | 101,977 |
| Supplies Inventory | 267,367 | 279,815 |
| Prepaid Expenses and Other | 69,225 | 69,911 |
| Total Current Assets | 8,238,835 | 10,426,472 |
| NONCURRENT CASH AND CASH EQUIVALENTS | | |
| Restricted by Contributors | 49,753 | 49,726 |
| CAPITAL ASSETS, NET | | |
| | 5,471,561 | 2,491,395 |
| Total Assets | \$ 13,760,149 | \$ 12,967,593 |
| LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Current Maturities of Long-Term Debt | \$ 164,329 | \$ 180,702 |
| Accounts Payable | 317,907 | 632,354 |
| Accrued Expenses: | | |
| Salaries, Wages, and Benefits | 516,757 | 524,270 |
| Interest | 608 | 806 |
| Unearned Revenue | 2,688,253 | 5,044,533 |
| Estimated Amounts Due to Third-Party Payors | 289,000 | - |
| Total Current Liabilities | 3,976,854 | 6,382,665 |
| LONG-TERM DEBT, NET OF CURRENT MATURITIES | | |
| | 164,249 | 328,577 |
| Total Liabilities | 4,141,103 | 6,711,242 |
| DEFERRED INFLOWS FROM PROPERTY TAXES | | |
| | 325,084 | 316,047 |
| NET POSITION | | |
| Net Investment in Capital Assets | 5,107,869 | 1,827,096 |
| Restricted - Nonexpendable Endowment | 49,753 | 49,726 |
| Restricted - Expendable | - | 286,639 |
| Unrestricted | 4,136,340 | 3,776,843 |
| Total Net Position | 9,293,962 | 5,940,304 |
| Total Liabilities, Deferred Inflows, and Net Position | \$ 13,760,149 | \$ 12,967,593 |

See accompanying Notes to Financial Statements.

HAXTUN HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|---------------|---------------|
| OPERATING REVENUES | | |
| Net Patient Service Revenue (Net of Provision for Bad Debts of Approximately \$48,000 in 2021 and \$145,000 in 2020) | \$ 12,371,682 | \$ 10,089,564 |
| Other Operating Revenue | 94,877 | 70,950 |
| Total Operating Revenues | 12,466,559 | 10,160,514 |
| OPERATING EXPENSES | | |
| Salaries and Wages | 6,068,056 | 5,667,427 |
| Employee Benefits | 1,008,237 | 935,010 |
| Supplies | 1,639,465 | 1,578,441 |
| Professional Fees and Purchased Services | 2,307,187 | 1,340,150 |
| Depreciation | 347,449 | 344,907 |
| Insurance | 288,770 | 192,434 |
| Provider Tax | 199,735 | 143,442 |
| Other | 570,223 | 317,654 |
| Total Operating Expenses | 12,429,122 | 10,519,465 |
| OPERATING GAIN (LOSS) | 37,437 | (358,951) |
| NONOPERATING REVENUES AND EXPENSES | | |
| Property Taxes | 352,237 | 351,675 |
| Grants and Contributions | 1,647,904 | 2,214,688 |
| Interest Income | 1,661 | 5,645 |
| Interest Expense | (15,344) | (23,386) |
| Gain on Disposal of Capital Assets | 20 | 1,650 |
| Other Nonoperating Revenues | 28,595 | 9,650 |
| Total Nonoperating Revenues and Expenses | 2,015,073 | 2,559,922 |
| EXCESS OF REVENUES OVER EXPENSES | 2,052,510 | 2,200,971 |
| CAPITAL GRANTS | 1,301,148 | - |
| INCREASE IN NET POSITION | 3,353,658 | 2,200,971 |
| Net Position - Beginning of Year | 5,940,304 | 3,739,333 |
| NET POSITION - END OF YEAR | \$ 9,293,962 | \$ 5,940,304 |

See accompanying Notes to Financial Statements.

**HAXTUN HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|--|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from and on Behalf of Patients | \$ 12,062,349 | \$ 11,817,015 |
| Receipts from Other Operating Activities | 94,877 | 70,950 |
| Payments to and on Behalf of Employees | (7,083,806) | (6,469,922) |
| Payments to Suppliers, Contractors, and Others | (5,155,917) | (3,557,687) |
| Net Cash Provided (Used) by Operating Activities | (82,497) | 1,860,356 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Property Taxes Supporting Operations | 254,329 | 249,115 |
| Noncapital Grants and Contributions | 248,885 | 5,131,058 |
| Other Nonoperating Revenue | 28,595 | 9,650 |
| Net Cash Provided by Noncapital Financing Activities | 531,809 | 334,679 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal Paid on Long-Term Debt | (180,701) | (243,856) |
| Interest Paid on Long-Term Debt | (15,542) | (23,584) |
| Proceeds from Property Taxes for Debt Service | 97,471 | 99,923 |
| Capital Grants | 1,301,148 | - |
| Proceeds Received on Disposal of Capital Assets | 20 | 1,650 |
| Purchase of Capital Assets | (3,447,519) | (1,230,975) |
| Net Cash Used by Capital and Related Financing Activities | (2,245,123) | (1,396,842) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Income | 1,661 | 5,645 |
| Increase in Noncurrent Cash and Cash Equivalents | (27) | (95) |
| Net Cash Provided by Investing Activities | 1,634 | 4,607 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,794,177) | 5,858,887 |
| Cash and Cash Equivalents - Beginning of Year | 8,033,739 | 2,174,852 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 6,239,562 | \$ 8,033,739 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Fixed Assets Included in Accounts Payable | \$ 35,114 | \$ 155,018 |

See accompanying Notes to Financial Statements.

**HAXTUN HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|--|--------------------|---------------------|
| RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating Gain (Loss) | \$ 37,437 | \$ (358,951) |
| Depreciation | 347,449 | 344,907 |
| Provision for Bad Debts | 48,117 | 144,657 |
| Changes in Operating Assets and Liabilities: | | |
| Patient Accounts Receivable, Net | 51,811 | (143,369) |
| Estimated Amounts Due from Third-Party Payors | 548,000 | (402,000) |
| Other Receivables | 30,872 | (31,327) |
| Supplies Inventory | 12,448 | 47,290 |
| Prepays Expenses and Other | 686 | 23,483 |
| Accounts Payable | (194,543) | (25,012) |
| Accrued Salaries, Wages, and Benefits | (7,513) | 132,515 |
| Unearned Revenue | (957,261) | 2,128,163 |
| | <u>\$ (82,497)</u> | <u>\$ 1,860,356</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (82,497)</u> | <u>\$ 1,860,356</u> |

See accompanying Notes to Financial Statements.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Haxtun Hospital District (the District) owns and operates a 25-bed licensed acute care hospital in Haxtun, Colorado. The District considers the southwestern portion of Phillips County, Colorado to be its primary service market and provides acute care services to patients in that area. The services provided include acute hospital care, emergency room, and the related ancillary procedures (lab, x-ray, therapy, etc.) associated with those services. The District is a quasi-municipal corporation governed by an elected five-member board.

Haxtun Hospital District operates under the laws of the state of Colorado for Colorado special districts. As organized, the District is exempt from payment of federal income tax. All District assets, liabilities, and financial transactions are included in these financial statements.

Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature or significance of their relationship with the District are such that the exclusion would cause the District's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District does not have a component unit, which meets the GASB criteria.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB. The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis, using the economic resources measurement focus.

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.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are considered to be highly liquid investments with an original maturity of 90 days or less.

Patient Accounts Receivable, Net

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The District provides an allowance for doubtful 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 payors directly and bill the patient when the patient's liability is determined. Patients are not required to provide collateral for services rendered. Patient accounts receivable are ordinarily due in full when billed. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the patient or third-party payor. In addition, an allowance is estimated for other accounts based on the historical experience of the District. At December 31, 2021 and 2020, the allowance for uncollectible accounts was approximately \$209,000 and \$229,000, respectively.

Supplies Inventory

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

Noncurrent Cash and Cash Equivalents

Noncurrent cash and cash equivalents consists of cash and cash equivalents restricted by contributors for an endowment.

Capital Assets, Net

Capital assets in excess of \$5,000 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 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 | 20 to 40 Years |
| Major Movable and Fixed Equipment | 3 to 20 Years |

Impairment of Long-Lived Assets

Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use and eventual disposition of these assets. Should the sum of the expected future net cash flows be less than carrying value, an impairment loss would be recognized. There was no impairment identified or recorded in fiscal years 2021 or 2020.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The Net Position of the District is classified in four components. *Net investment in capital assets* consist of capital assets net of accumulated depreciation and reduced by any outstanding balances of borrowings used to finance the purchase or construction of those assets. *Restricted nonexpendable net position* is noncapital net position that must be held as an endowment as specified by contributors external to the District. Restricted net assets are reduced by any liabilities payable from restricted assets. *Restricted expendable net position* consists of contributions from donors that is restricted for a specific purpose and can be spent as specified by donors. *Unrestricted net position* is the remaining net assets that do not meet the definition of net investment in capital assets or restricted.

Property Taxes

The District received approximately 3% of its financial support from property taxes in 2021 and 2020. These funds were used to support operations of the District and to service long-term debt. The District levies property taxes on an annual basis through a mill levy on assessed property valuations. The funds were used as follows:

| | 2021 | 2020 |
|------------------------------|------------|------------|
| Levied to Support Operations | \$ 254,766 | \$ 251,752 |
| Levied for Debt Service | 97,471 | 99,923 |
| Total Property Tax Income | \$ 352,237 | \$ 351,675 |

Property tax is recognized on the lien date, which is January 1 of the tax year in Colorado. The property tax receivable represents taxes certified by the board of directors to be collected in the next fiscal year. However, by statute, the tax asking becomes effective on the first date of the following year. Although the property tax receivable has been recorded, the related revenue is considered a deferred inflow of resources – unavailable revenue and will not be recognized as revenue until the year for which it is levied.

Lien date – January 1

Levy date – January 1, succeeding year

Due dates – February 28 and June 15, succeeding year

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and include 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.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. Charges excluded from revenue under the District's charity care policy were approximately \$103,000 and \$-0- for 2021 and 2020, respectively.

Grants and Contributions

From time to time, the District receives grants and contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after excess of revenues over expenses.

Operating Revenues and Expenses

The District's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the District's principal activity. Nonexchange revenues, including taxes, interest expense, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services.

Provider Fee Program

In 2012, the state of Colorado adopted a provider fee program, approved by the Centers for Medicare and Medicaid Services (CMS), under which all hospitals in the state were assessed a fee based on bed size and payor mix. The state of Colorado uses the fees to supplement state budget funds for the Medicaid program, which brings matching federal monies into the program, enabling the state of Colorado to fund Medicaid payments to hospitals at a higher rate than would otherwise be possible.

Advertising Costs

The District expenses advertising costs as incurred.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of unavailable property taxes. The property taxes will be recognized as revenue in the year for which the taxes have been levied and become available.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value. GASB Statement No. 72 – *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take in to account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources.

In contrast, unobservable inputs reflect an entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 receive less than 10% of their annual revenue in grants from all state and local governments combined. The District is of the opinion that it qualifies for this exclusion.

Fiscal year spending and revenue limits are determined based on the prior year's spending, adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

NOTE 3 NET PATIENT SERVICE REVENUE

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

Medicare

The District is licensed as a Critical Access Hospital. As a Critical Access Hospital, inpatient acute care services rendered to Medicare program beneficiaries are paid on a cost-reimbursed basis and inpatient nonacute services and outpatient services are reimbursed on a cost basis. 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. The District's Medicare cost report has been audited by the Medicare fiscal intermediary through December 31, 2019.

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. The Medicaid program pays for outpatient hospital services using an enhanced ambulatory patient grouping (EAPG), which is a prospective payment methodology.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 NET PATIENT SERVICE REVENUE (CONTINUED)

Other

The District has also entered into payment agreements with certain commercial insurance carriers. 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.

Uninsured

The District provides health care services to patients who have not purchased commercial health care insurance coverage and do not qualify as beneficiaries of the Medicare and Medicaid programs. Based upon financial information obtained, some of these patients qualify for discounts from charges under the District's charity care policy.

The following is a reconciliation of gross patient service revenue to net patient service revenue for the years ending December 31:

| | 2021 | 2020 |
|---------------------------------|---------------|---------------|
| Gross Patient Service Revenue | \$ 15,958,230 | \$ 12,864,226 |
| Discounts and Adjustments: | | |
| Contractual Adjustments | 3,538,431 | 2,630,005 |
| Provision for Bad Debts | 48,117 | 144,657 |
| Total Discounts and Adjustments | 3,586,548 | 2,774,662 |
| Net Patient Service Revenue | \$ 12,371,682 | \$ 10,089,564 |

Revenue from Medicare and Medicaid programs accounted for approximately 49% and 10%, respectively, of the District's net patient revenue for the year ended December 31, 2021 and 48% and 12%, respectively, of the District's net patient revenue for the year ended December 31, 2020. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 4 PATIENT ACCOUNTS RECEIVABLE, NET

The District grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at December 31 was as follows:

| | 2021 | 2020 |
|-----------------------------|-------|-------|
| Medicare | 46 % | 55 % |
| Medicaid | 4 | 6 |
| Blue Cross | 16 | 10 |
| Other Third-Party Insurance | 21 | 14 |
| Patients | 13 | 15 |
| Total | 100 % | 100 % |

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA 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 the aggregate uninsured deposits.

The State Regulatory Commissioners for bank and financial services are required by statute to monitor the naming of eligible depositories and reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021 and 2020, the District's cash deposits had a bank balance of \$6,418,094 and \$8,216,051, respectively.

NOTE 6 CAPITAL ASSETS, NET

Capital asset activity for the years ended December 31, 2021 and 2020 was as follows:

| | 2021 | | | | Ending Balance |
|---|----------------------|---------------------|---------------------------------|-------------|---------------------|
| | Beginning Balance | Additions | Disposals and Retirements | Transfers | |
| Land | \$ 8,290 | \$ - | \$ - | \$ - | \$ 8,290 |
| Buildings and Leasehold Improvements | 3,516,565 | 2,042 | (78,800) | 583,906 | 4,023,713 |
| Equipment | 3,569,852 | 22,099 | - | 79,501 | 3,671,452 |
| Software | 35,166 | - | - | - | 35,166 |
| Construction in Progress | 344,432 | 3,382,274 | - | (663,407) | 3,063,299 |
| Subtotal | <u>7,474,305</u> | <u>3,406,415</u> | <u>(78,800)</u> | <u>-</u> | <u>10,801,920</u> |
| Less: Accumulated Depreciation: | | | | | |
| Buildings and Leasehold Improvements | 2,788,200 | 60,340 | - | - | 2,848,540 |
| Equipment | 2,166,016 | 282,556 | - | - | 2,448,572 |
| Software | 28,694 | 4,553 | - | - | 33,247 |
| Subtotal | <u>4,982,910</u> | <u>347,449</u> | <u>-</u> | <u>-</u> | <u>5,330,359</u> |
| Capital Assets, Net | <u>\$ 2,491,395</u> | <u>\$ 3,058,966</u> | <u>\$ (78,800)</u> | <u>\$ -</u> | <u>\$ 5,471,561</u> |

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 CAPITAL ASSETS, NET (CONTINUED)

| | 2020 | | | | Ending Balance |
|---|----------------------|---------------------|---------------------------------|-------------|---------------------|
| | Beginning Balance | Additions | Disposals and Retirements | Transfers | |
| Land | \$ 8,290 | \$ - | \$ - | \$ - | \$ 8,290 |
| Buildings and Leasehold Improvements | 3,376,716 | 139,849 | - | - | 3,516,565 |
| Equipment | 2,663,262 | 906,590 | - | - | 3,569,852 |
| Software | 34,166 | 1,000 | - | - | 35,166 |
| Construction in Progress | 5,878 | 338,554 | - | - | 344,432 |
| Subtotal | <u>6,088,312</u> | <u>1,385,993</u> | <u>-</u> | <u>-</u> | <u>7,474,305</u> |
| Less: Accumulated Depreciation: | | | | | |
| Buildings and Leasehold Improvements | 2,708,595 | 79,605 | - | - | 2,788,200 |
| Equipment | 1,909,222 | 256,794 | - | - | 2,166,016 |
| Software | 20,186 | 8,508 | - | - | 28,694 |
| Subtotal | <u>4,638,003</u> | <u>344,907</u> | <u>-</u> | <u>-</u> | <u>4,982,910</u> |
| Capital Assets, Net | <u>\$ 1,450,309</u> | <u>\$ 1,041,086</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,491,395</u> |

As of December 31, 2021, construction in progress consists of costs related to the Hospital Infrastructure Project and the Main Street Clinic project. These projects are expected to be completed throughout 2022 and 2023 at an expected total cost of approximately \$6,600,000 and are being funded through cash from operations and grant funds.

NOTE 7 CAPITAL LEASE OBLIGATIONS

The District leases certain equipment under noncancelable long-term lease agreements. The lease has been recorded as a capitalized lease. The capitalized lease assets consist of major moveable equipment. Future lease payments are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> |
|--|------------------|
| 2022 | \$ 55,787 |
| 2023 | 9,298 |
| Total | <u>65,085</u> |
| Less: Interest on Capital Lease Obligation | (1,653) |
| Total | <u>\$ 63,432</u> |

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 CAPITAL LEASE OBLIGATIONS (CONTINUED)

Capital Lease Obligations

The District is obligated under lease agreements for equipment that are accounted for as capital lease obligations. The total cost of the assets under capital leases at December 31, 2021 and 2020 was \$181,481 and \$545,521, net of accumulated depreciation of \$84,259 and \$388,999, respectively. The remaining capital lease obligation as of December 31, 2021 requires monthly payments of \$4,649. The interest rate on the capital lease obligation is 4.14% with a maturity date of March 2023. The capital lease obligation is secured by the leased equipment.

NOTE 8 LONG-TERM DEBT

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

| | 2021 | | | | Amounts Due Within One Year |
|------------------------------------|----------------------|-------------|---------------------|-------------------|-----------------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | |
| GO Refunding Bonds, Series 2013 | \$ 305,000 | \$ - | \$ (75,000) | \$ 230,000 | \$ 75,000 |
| Promissory Note | 76,715 | - | (41,569) | 35,146 | 35,146 |
| Capital Lease Obligations | 127,564 | - | (64,132) | 63,432 | 54,183 |
| Total Long-Term Debt | <u>\$ 509,279</u> | <u>\$ -</u> | <u>\$ (180,701)</u> | <u>\$ 328,578</u> | <u>\$ 164,329</u> |

| | 2020 | | | | Amounts Due Within One Year |
|------------------------------------|----------------------|-------------|---------------------|-------------------|-----------------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | |
| GO Refunding Bonds, Series 2013 | \$ 380,000 | \$ - | \$ (75,000) | \$ 305,000 | \$ 75,000 |
| Promissory Note | 116,888 | - | (40,173) | 76,715 | 41,569 |
| Capital Lease Obligations | 256,247 | - | (128,683) | 127,564 | 64,133 |
| Total Long-Term Debt | <u>\$ 753,135</u> | <u>\$ -</u> | <u>\$ (243,856)</u> | <u>\$ 509,279</u> | <u>\$ 180,702</u> |

General Obligation Refunding Bonds, Series 2013

On September 12, 2013, the District issued \$800,000 in Series 2013 General Obligation Refunding Bonds (Series 2013 Bonds), with annual maturities of \$10,000 to \$80,000, through December 1, 2024, interest at 3.17%, and payable semiannually. The Series 2013 Bonds are issued pursuant to the Bond Resolution and the District is to levy property taxes sufficient to pay the annual principal and interest on the Series 2013 Bonds.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Promissory Note

On October 13, 2017, the District entered into a promissory note agreement for \$200,000 that matures on October 13, 2022. The note requires monthly payments of \$3,629, bears interest at 3.35% and is collateralized by the equipment purchased with the proceeds of the note.

Scheduled principal and interest payments on long-term debt are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|-------------------|------------------|
| 2022 | \$ 164,329 | \$ 9,454 |
| 2023 | 84,249 | 4,963 |
| 2024 | 80,000 | 2,536 |
| Total | <u>\$ 328,578</u> | <u>\$ 16,953</u> |

NOTE 9 RESTRICTED NET POSITION

At December 31, the restricted nonexpendable net position was available for the following:

| | | |
|---|------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Restricted Nonexpendable Net Position - Endowment | <u>\$ 49,753</u> | <u>\$ 49,726</u> |

The District received funds from a contributor to establish an endowment. The earnings on the endowment can be expended to support the District's activities.

As of December 31, 2020, restricted expendable net position consisted of donor funds received for the Fleming Clinic project that had yet to be expended. These funds were expended during fiscal year 2021.

NOTE 10 PENSION PLAN

The District has a defined contribution profit sharing pension plan (the Plan) under which employees become eligible upon hire to participate in the Plan if the employee works more than 32 hours per week. The Plan was established by and can be amended by the authority of the District's board of directors. Employees are always 100% vested in their accounts under the Plan. Distributions can be made by the participant from their vested account balance upon reaching retirement age or terminating employment with the District. Employer contributions are a match of the employee contributions up to a percent of annual salary, for eligible participating employees and are deposited with the plan trustee who invests the plan assets. The contribution percentage is set by the board of directors on an annual basis. Total pension plan expense for the years ending December 31, 2021, 2020, and 2019 was \$84,774, \$84,388, and \$61,502, respectively.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 COMMITMENTS AND CONTINGENCIES

Risk Management

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

Litigation

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected losses, which are not covered by insurance, if any. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Malpractice Claims

The District pays fixed premiums for annual medical malpractice insurance coverage under an occurrence policy. Under such policy, claims are covered only if the incident occurred during the policy term. 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, 2021. Further, the District is subject to the provisions of the Colorado Government Immunity Act, which provides limitations on the liability of the District.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously, billed and collected revenues from patient services. The District records allowances where the government has shown a pattern of adjusting periodic reports submitted by the District, including Medicare cost reports or tax reporting, or where internal reviews indicate the possibility of future adjustments. Management believes that the District is in substantial compliance with current laws and regulations.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Lawsuits alleging negligence of care
- Environmental pollution
- Violation of a regulatory body's rules and regulations
- Violation of federal and/or state laws

No other contingent liabilities such as, but not limited to those described above, are reflected in the accompanying financial statements. No such liabilities have been asserted and, therefore, no estimate of loss, if any, is determinable.

NOTE 12 COVID-19 PANDEMIC

In March 2020, the World Health District declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, COVID-19 may impact various parts of its 2022 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021.

As part of the District's response to the COVID-19 pandemic it received payments from the CARES Act Provider Relief Fund (PRF), which is administered by the U.S. Department of Health and Human Services. The District received PRF payments in the amount of \$20,909 and \$3,440,896 and recognized revenues in the amount of \$1,419,926 and \$524,729 during 2021 and 2020, respectively. The PRF revenues recognized are included in grants and contributions on the statements of revenues, expenses, and changes in net position. The remaining balance of \$1,517,150 and \$2,916,167 is included in unearned revenue at December 31, 2021 and 2020, respectively, in the statements of net position. The PRF payments have terms and conditions that the District is required to follow, and these funds are subject to audit. As part of the PRF terms and conditions, amounts received by the District could potentially be recouped if not spent in full or if the amounts are not spent in accordance with the terms and conditions. Management believes the amounts have been recognized appropriately as of December 31, 2021 and 2020.

**HAXTUN HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 12 COVID-19 PANDEMIC (CONTINUED)

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Centers for Medicare & Medicaid Services (CMS) administered an Accelerated and Advanced Payment Program to provide additional relief funds to providers. During the year ended December 31, 2020, the District received total advanced funds through the Accelerated and Advanced Payment Program of \$2,128,163. These payments were received in April 2020 and will need to start to be repaid within a year from receipt. The District has up to 29 months from the date the payments were made to repay the balance. During fiscal year 2021 the District repaid \$957,261 of advanced funds through the Accelerated and Advanced Payment Program. The outstanding balance as of December 31, 2021 is \$1,170,903 and is included in unearned revenue on the statements of net position.

The District received a loan through the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$999,999. The loan was received as part of the response to the COVID-19 pandemic. The loan accrued interest at 1% with principal and interest payments due monthly starting either (1) the date the SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The loan payments were due over 18 months. There are provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain requirements being met. The District received forgiveness of the PPP loan in 2020 and it was included as grants and contributions revenue in the statements of revenues, expenses, and changes in net position. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the District's financial position.

**HAXTUN HOSPITAL DISTRICT
BUDGETED AND ACTUAL REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2021**

| | <u>Actual</u> | <u>Budgeted</u> | <u>Favorable (Unfavorable) Variance</u> |
|---|---------------------|---------------------|---|
| OPERATING REVENUES | | | |
| Net Patient Service Revenue | \$ 12,371,682 | \$ 11,560,028 | \$ 811,654 |
| Other | 94,877 | 43,058 | 51,819 |
| Total Operating Revenues | <u>12,466,559</u> | <u>11,603,086</u> | <u>863,473</u> |
| OPERATING EXPENSES | | | |
| Salaries, Wages, and Employee Benefits | 7,076,293 | 7,308,545 | 232,252 |
| Other | 5,352,829 | 4,425,503 | (927,326) |
| Total Operating Expenses | <u>12,429,122</u> | <u>11,734,048</u> | <u>(695,074)</u> |
| OPERATING GAIN (LOSS) | 37,437 | (130,962) | 168,399 |
| Nonoperating Revenues | <u>2,015,073</u> | <u>5,781,524</u> | <u>(3,766,451)</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 2,052,510</u> | <u>\$ 5,650,562</u> | <u>\$ (3,598,052)</u> |



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Haxtun Hospital District
Haxtun, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Haxtun Hospital District (the District), which comprise the statement of net position as of December 31, 2021, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

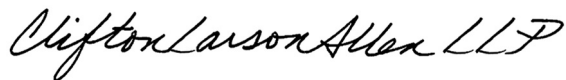
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion of the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado
July 25, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Haxtun Hospital District
Haxtun, Colorado

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited Haxtun Hospital District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 93.498 - Provider Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 93.498 – Provider Relief Fund for the year ended December 31, 2021.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**HAXTUN HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Matter Giving Rise to Qualified Opinion on 93-498 – Provider Relief Fund

As described in the accompanying schedule of findings and questioned costs, Haxtun Hospital District did not comply with requirements regarding Assistance Listing No. 93.498 Provider Relief Fund as described in finding number 2021-001 for allowable costs.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

**HAXTUN HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado
July 25, 2022

**HAXTUN HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? X yes _____ no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors’ report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of Major Federal Programs

| Federal Assistance Listing Number(s) | Name of Federal Program or Cluster |
|--|---|
| 93.948 | Provider Relief Fund |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u> 750,000 </u> |
| Auditee qualified as low-risk auditee? | _____ yes <u> X </u> no |

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**HAXTUN HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

2021 - 001 Allowability – Internal Control over General Disbursements (Material Weakness and Noncompliance)

Federal agency: U.S. Department of Health and Human Services

Federal program title: Provider Relief Fund

AL Number: 93.498

Award Period: Phase 1 Reporting (4/1/2020 - 6/30/2021)

Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: According to §200.303 Internal Controls of 2 CFR Part 200, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: As part of our testing we noted that the District had applied construction in progress costs against the Provider Relief Fund. While there was support for the costs being incurred prior to the June 30, 2021 Period 1 deadline the capital projects were not completed by June 30, 2021. Per the terms and conditions the capital projects must be completed by the end of the Period to have the costs applied toward the Provider Relief Fund.

Questioned costs: \$3,099,821

Context: The construction in progress costs were identified during general disbursement testing.

Cause: The District experienced delays in the completion of the projects.

Effect: The auditor noted instances of noncompliance. Noncompliance results in possible over charges to the grant.

Repeat finding: N/A

Recommendation: We recommend the District review the Provider Relief Fund Terms and Conditions and the Frequently Asked Questions to ensure the funds are being used in compliance with the requirements.

Views of responsible officials: There is no disagreement with the audit finding.

**HAXTUN HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021 - 001 Allowability – Internal Control over General Disbursements (Material Weakness and Noncompliance) (Continued)

Management’s response:

- The District frequently reviewed the Provider Relief Fund Terms and Conditions and the Frequently Asked Questions. The language specific to “...the project must be fully completed by the end of the Period of Availability...” was not in place until 08/30/2021 – 60 days after the period of availability had lapsed.
- The District commenced the capital facility project in question in July 2020, 90 days after receiving Provider Relief Funds. The District was diligent in pushing the project along, but worldwide supply shortages were detrimental to keeping the project on track.
- Along with supply issues, the District also experienced labor shortages, as some workers preferred to stay on unemployment and others were quarantined for COVID-19 exposure or sickness. The project was delayed even further when the Project Manager died unexpectedly.
- The District did everything it could to work within the Terms and Conditions of the Provider Relief Fund.
- As a result of doing everything we could to work in line with the Terms and Conditions of the Provider Relief Funds we didn’t input other COVID related costs that we could claim into our Phase 1 Provider Relief Fund report. If it is determined that we can not charge these construction costs we would request that we can update our Phase 1 Provider Relief Fund report to claim the other costs.

Section IV – Prior Year Findings

Not applicable – no single audit was required for fiscal year ending December 31, 2020.

**HAXTUN HOSPITAL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal Assistance Listing</u> | <u>Agency/ Pass-Through Identifying Number</u> | <u>Federal Expenditures</u> |
|--|-----------------------------------|--|-----------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| * COVID-19: Provider Relief Fund - Period 1 | 93.498 | N/A | \$ 3,440,896 |
| * COVID-19: Provider Relief Fund - Period 2 | 93.498 | N/A | - |
| COVID-19: HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund | 93.461 | N/A | <u>42,500</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 3,483,396</u></u> |

* - Major federal program

N/A - Not available

**HAXTUN HOSPITAL DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021**

NOTE 1 NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

This note is included to meet the requirements of 2 *CFR* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requirement that the schedule of expenditures of federal awards (the Schedule) include notes that describe the significant accounting policies used in preparing the Schedule. The accompanying Schedule is prepared on the accrual basis of accounting and includes the federal award activity of the District under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The financial statements reflect revenue recognized from the Provider Relief Fund of \$1,419,926 and \$524,729 for the years ended December 31, 2021 and 2020, respectively. The Schedule includes Provider Relief Funds of \$3,440,896 that were received in Periods 1 and 2 in accordance with the requirements of the compliance supplement for assistance listing number 93.498.



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