

PLATEAU VALLEY HOSPITAL DISTRICT
BASIC FINANCIAL STATEMENTS
AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
December 31, 2021 and 2020

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION.....	8
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION.....	9
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS.....	12
SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL – (NON-GAAP BUDGETARY BASIS).....	19

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors
Plateau Valley Hospital District

Opinions

We have audited the accompanying financial statements of the business-type activities of Plateau Valley Hospital District (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of Plateau Valley Hospital District, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. 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 generally accepted 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



Plateau Valley Hospital District
Board of Directors
Page Two

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 generally accepted 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 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 the 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 the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is 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



Plateau Valley Hospital District
Board of Directors
Page Three

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 budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C.
May 16, 2022

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities. Please read it in conjunction with the District's financial statements that follow the MD&A.

HIGHLIGHTS – Business-type Activities

- In 2021, net position increased by \$496,497 (6%) when compared to 2020.
- Total revenues decreased by \$243,357 (10.5%) to \$2,073,660 for 2021.
- Total operating expenses increased by \$63,793 (4%) from 2020 to 2021.
- Total capital assets decreased by \$17,140 to \$2,306,703 in 2021.
- Capital contributions increased in 2021 by \$8,725.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements and schedules are included:

- Statements of net position – reports the District's current financial resources (short-term spendable resources with capital assets and long-term obligations). (See page 8)
- Statements of revenues, expenses and changes in fund net position – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions. (See page 9)
- Statements of cash flows – reports the District's cash flows from operating, investing, capital and non-capital activities. (See pages 10-11)
- Schedules of revenues and expenditures – budget and actual – (non-GAAP budgetary basis) – reports the District's revenues and expenditures on the same basis as the budget. (See page 19)

Management's Discussion and Analysis

STATEMENT OF NET POSITION

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

Years ended December 31,	2021	2020	2019
Current assets	7,339,706	7,379,827	6,672,942
Capital assets	<u>2,306,703</u>	<u>2,323,843</u>	<u>2,403,492</u>
Total assets	<u>9,646,409</u>	<u>9,703,670</u>	<u>9,076,434</u>
Current Liabilities	<u>75,062</u>	<u>211,997</u>	<u>83,267</u>
Total liabilities	<u>75,062</u>	<u>211,997</u>	<u>83,267</u>
Property Taxes	<u>1,018,678</u>	<u>1,435,501</u>	<u>1,736,941</u>
Total deferred inflows	<u>1,018,678</u>	<u>1,435,501</u>	<u>1,736,941</u>
Net assets			
Restricted - Tabor	62,250	74,950	56,500
Invested in capital assets	2,306,703	2,323,843	2,403,492
Unrestricted	<u>6,183,716</u>	<u>5,657,379</u>	<u>4,796,234</u>
Total net position	<u>8,552,669</u>	<u>8,056,172</u>	<u>7,256,226</u>

The net position of the District increased from \$8,056,172 in 2020 to \$8,552,669 in 2021. The District's total assets decreased from \$9,703,670 in 2020 to \$9,646,409 in 2021. The District's liabilities significantly decreased this year without the Oxy Abatements, which were shown as liabilities at December 21, 2020.

REVIEW OF REVENUES

Years ended December 31,	2021	2020	2019
Operating revenues			
Clinic Services	<u>412,412</u>	<u>391,788</u>	<u>439,727</u>
Total	<u>412,412</u>	<u>391,788</u>	<u>439,727</u>
Non-Operating revenues			
Specific Ownership	207,049	241,192	161,092
General Property Taxes	1,381,592	1,554,479	1,141,547
Investment Income	41,947	107,623	99,944
Other Revenue*	26,592	15,825	26,091
Contributions	4,068	3,610	2,632
Grants	<u>0</u>	<u>2,500</u>	<u>10,640</u>
Total	<u>1,661,248</u>	<u>1,925,229</u>	<u>1,441,946</u>
Total revenues	<u>2,073,660</u>	<u>2,317,017</u>	<u>1,881,673</u>

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

Management's Discussion and Analysis

The 2021 general property tax does not include any abatements as seen in the prior two years. See Note H for further discussion of the Tax Abatement. The District's total revenues decreased in 2021 by \$243,357 from 2020. This decrease corresponds to the decrease in the general property and specific ownership taxes received as well as the decreased investment income as most of the certificates of deposits have matured. District funds are currently held in money market accounts which yield higher earnings than certificates of deposit.

REVIEW OF EXPENSES

Years ended December 31,	2021	2020	2019
Operating expenses			
Medical Clinic	1,232,364	1,174,582	1,125,167
Administration	222,072	221,601	217,075
Depreciation	95,097	89,557	88,719
Total	<u>1,549,533</u>	<u>1,485,740</u>	<u>1,430,961</u>
Non-Operating expenses			
County treasurer's fees	27,630	31,330	23,010
Other expenses	0	0	0
Total	<u>27,630</u>	<u>31,330</u>	<u>23,010</u>
Total expenses	<u>1,577,163</u>	<u>1,517,070</u>	<u>1,453,971</u>

The District's total expenses increased in 2021 by \$60,093.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2021	2020	2019
Grants	0	2,500	10,640
Other revenues	26,592	15,825	26,091
Contributions	4,068	3,610	2,632
Total	<u>30,660</u>	<u>21,935</u>	<u>39,363</u>

Capital contributions result from grants, rental income, and contributions for capital improvement.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of depreciation.

Capital assets had a net decrease (additions, retirements and depreciation) of \$17,140 from 2021 to 2020.

Years ended December 31,	2021	2020	2019
Non-depreciable capital assets:			
Land	45,122	45,122	45,122
Construction in progress	7,290	7,290	13,399
	<u>52,412</u>	<u>52,412</u>	<u>58,521</u>
Depreciable capital assets:			
Buildings	3,338,693	3,338,693	3,338,693

Management's Discussion and Analysis

Building Improvements	344,079	314,912	314,912
Land Improvements	40,021	40,021	40,021
Equipment	424,601	404,017	388,000
	<u>4,147,394</u>	<u>4,097,643</u>	<u>4,081,626</u>
Less accumulated depreciation	1,893,103	1,826,212	1,736,655
Book value of depreciable capital assets	<u>2,254,291</u>	<u>2,271,431</u>	<u>2,344,971</u>
Total capital assets	<u>2,306,703</u>	<u>2,323,843</u>	<u>2,403,492</u>

The major capital asset additions were as follows:

In 2021: The foundation in Building B was repaired. The EKG machine in Mesa was replaced with a new one. A truck and plow were also purchased.

In 2020: The second half of the server was paid for and included the cost of migrating the data from one server to the other for the electronic health record system.

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

DEBT OUTSTANDING

The District does not have any outstanding debt.

ECONOMIC AND OTHER FACTORS

In 2021, the District was finally free of abatement issues but the general property tax decreased due to a decrease in assessed valuation. This decrease is a result of reduced values of oil and gas properties within the District. This reduction is the result of the tax abatements that have been given to oil and gas properties within the District over the past years. The increase in reserves for the District correlates to the increase in Clinic revenues coupled with the lack of an abatement. The District allocates excess funds from a given year to reserves. The District continues to operate the old clinic building as rental space. The tenant that occupied the largest section left early in 2020 and that space remained mostly empty since. The District has lost other tenants.

In 2021, the COVID pandemic continued to affect the District. The patient visit numbers did increase to near normal levels as patients became more comfortable with visiting the clinic in person as well as more comfort with the idea of consultation by phone. The District finally reached a fully staffed status for the first time since before COVID. The District is seeing significant increases in supply costs along with supply chain issues.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the District Administrator, Plateau Valley Hospital District, 58128 Highway 330 Collbran, Colorado, 81624.

Auditors – MD&A Management's Discussion and Analysis

Plateau Valley Hospital District
STATEMENTS OF NET POSITION

December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 24,259	\$ 29,316
Certificates of deposit	247,654	501,025
U.S. government securities money market	5,969,713	5,359,054
Government investment pools	111	111
Accounts receivable, less allowance of \$47,755 and \$35,105 in 2021 and 2020	35,449	28,578
Interest receivable	2,222	4,366
Prepaid expense	26,004	21,876
Other taxes receivable	15,616	-
Property taxes receivable	<u>1,018,678</u>	<u>1,435,501</u>
Total current assets	<u>7,339,706</u>	<u>7,379,827</u>
Capital assets, net	<u>2,306,703</u>	<u>2,323,843</u>
Total assets	<u>9,646,409</u>	<u>9,703,670</u>
LIABILITIES		
Current liabilities		
Accounts payable	13,406	9,851
Accrued payroll	16,798	14,999
Tax refund payable	-	154,593
Compensated absences payable	<u>44,858</u>	<u>32,554</u>
Total current liabilities	<u>75,062</u>	<u>211,997</u>
DEFERRED INFLOWS		
Property taxes	<u>1,018,678</u>	<u>1,435,501</u>
Total deferred inflows	<u>1,018,678</u>	<u>1,435,501</u>
NET POSITION		
Net investment in capital assets	2,306,703	2,323,843
Restricted - TABOR emergency reserve	62,250	74,950
Unrestricted	<u>6,183,716</u>	<u>5,657,379</u>
Total net position	<u><u>\$ 8,552,669</u></u>	<u><u>\$ 8,056,172</u></u>

The accompanying notes are an integral part of these statements.

Plateau Valley Hospital District

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended December 31,

	<u>2021</u>	<u>2020</u>
Patient service revenue		
Clinic services (net of contractual allowances and bad debt of \$309,988 and \$301,111 in 2021 and 2020)	\$ 412,412	\$ 391,788
Operating expenses		
Clinic services	1,232,364	1,174,582
Administrative services	222,072	221,601
Depreciation	95,097	89,557
	<u>1,549,533</u>	<u>1,485,740</u>
Operating loss	(1,137,121)	(1,093,952)
Nonoperating revenues (expenses)		
Other revenue	26,592	15,825
General property tax (net of property tax refund of \$0.00 and \$154,593 in 2021 and 2020)	1,381,592	1,554,479
Specific ownership	207,049	241,192
Grants	-	2,500
Contributions	4,068	3,610
Investment income	41,947	107,623
Treasurer's fees	(27,630)	(31,330)
	<u>1,633,618</u>	<u>1,893,899</u>
Change in net position	496,497	799,947
Net position at beginning of year	<u>8,056,172</u>	<u>7,256,225</u>
Net position at end of year	<u>\$ 8,552,669</u>	<u>\$ 8,056,172</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Plateau Valley Hospital District
STATEMENTS OF CASH FLOWS

Years ended December 31,

	2021	2020
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 405,541	\$ 391,897
Cash payments to suppliers	(1,023,854)	(877,483)
Cash payments to employees	(417,052)	(393,551)
Net cash provided by (used in) operating activities	(1,035,365)	(879,137)
Cash flows from noncapital financing activities		
Cash received from tax collections	1,390,802	1,764,341
Donations, grants and other revenue received	19,660	21,935
Net cash provided by noncapital financing activities	1,410,462	1,786,276
Cash flows from capital and related financing activities		
Purchase of capital assets	(66,957)	(9,909)
Net cash provided by (used in) capital and related financing activities	(66,957)	(9,909)
Cash flows from investing activities		
Sale of investments	-	250,629
Interest received	44,091	110,887
Net cash provided by (used in) investing activities	44,091	361,516
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	352,231	1,258,746
Cash and cash equivalents at the beginning of the year	5,889,395	4,630,649
Cash and cash equivalents at the end of the year	<u>\$ 6,241,626</u>	<u>\$ 5,889,395</u>
Cash and cash equivalents consist of the following:		
Cash	\$ 24,259	\$ 29,316
Certificates of deposit	247,654	501,025
U.S. government money market	5,969,713	5,359,054
	<u>\$ 6,241,626</u>	<u>\$ 5,889,395</u>
Noncash recognition of tax refund against current year property tax revenue	<u>\$ -</u>	<u>\$ 154,593</u>

(continued)

The accompanying notes are an integral part of these statements.

Plateau Valley Hospital District
STATEMENTS OF CASH FLOWS

Years ended December 31,

(continued)	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Gain to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (1,137,121)	\$ (1,093,952)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	95,097	89,557
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(6,871)	109
(Increase) decrease in prepaid expense	(4,128)	(3,581)
Increase (decrease) in accounts payable	3,555	120,920
Increase (decrease) in compensated absences payable	12,304	4,228
Increase (decrease) in accrued payroll	1,799	3,582
Total adjustments	<u>101,756</u>	<u>214,815</u>
Net cash provided by (used in) operating activities	<u>\$ (1,035,365)</u>	<u>\$ (879,137)</u>

The accompanying notes are an integral part of these statements.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. History and Activity

Plateau Valley Hospital District (District) is a political subdivision of the State of Colorado with all the powers of a public or quasi-municipal corporation. The District is organized to operate and maintain the hospital district and its facilities in the County of Mesa, in the State of Colorado. The District is governed by a Board of Directors consisting of five members. The members must be qualified electors of the District and are elected to staggered four-year terms of office.

2. Reporting Entity

The reporting entity of the District includes those activities and functions over which the District is considered to be financially accountable. The District's financial statements include the accounts and operations of all of the District's functions.

The District is a special-purpose government engaged only in a business-type activity. For this type of government, only enterprise fund financial statements are presented.

The District's financial statements include information for Plateau Valley Health Services (PVHS), a non-profit 501(c)(3) entity whose purpose is solely to provide resources for Plateau Valley Hospital District by seeking funding from grants, contributions, and other sources. The Board of Directors for the District also serves as the Board for PVHS. In light of the foregoing facts, it is appropriate to treat PVHS as a blended component unit for purposes of the financial statements. See Note H for condensed financial information relating to PVHS.

3. Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are similar to those applicable to businesses in the private sector.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds to be presented in the financial statements. Since the operations of the District are accounted for on a fund basis in a single enterprise fund, it is the only fund presented.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise funds may be used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

4. Basis of Accounting

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary (enterprise) funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included on the statement of net position. Net position is categorized as invested in capital assets, restricted and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The District uses the accrual basis of accounting.

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

5. Budgets and Budgetary Accounting

The annual budget is prepared and approved by the Board of Directors in accordance with the State of Colorado *Financial Management Manual* and in accordance with Colorado Revised Statutes. The budget is submitted to Mesa County by December 15 and the District adopts an appropriation resolution for the next fiscal year by that date. The Board of Directors may amend the appropriation resolution at any time during the year if warranted by circumstances.

The District appropriates, and may not exceed appropriations, at a total fund level. The original and final appropriations for the year ended December 31, 2020 and 2019 were \$1,604,665 and \$1,590,964 respectively.

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

The budget basis of accounting differs from the generally accepted accounting principles (GAAP) basis in that outlays for acquisition of fixed assets are included as expenditures and depreciation is excluded from expenditures.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Capital Assets

Capital assets (property, plant and equipment) are recorded at cost, or in the case of donations, at their estimated fair value on the date donated. Cost includes the capitalization of materials and direct labor for additions made by District personnel. The District's capitalization level is \$1,500 for capital assets.

Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in income.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

	<u>Estimated Lives</u>
Buildings	15 to 50 years
Equipment	5 to 30 years
Land improvements	5 to 10 years

7. Compensated Absences

The District pays full-time employees with at least one year of continuous employment for accumulated annual leave upon termination. Annual leave cannot exceed 240 hours; any hours earned over 240 hours are forfeited. Accumulated unpaid annual leave, if material, is accrued when incurred. Extended illness leave benefits do not vest until at least 10 years of service are provided. Employees may receive compensation for extended illness leave benefits upon termination, if certain service requirements are met.

8. Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with maturities of three months or less to be cash equivalents.

9. Risk Management

The District purchases commercial insurance to manage its risk of loss for all manners of risk (i.e., liability, malpractice, workers compensation, etc.) There have been no reductions in insurance coverage or settlements exceeding insurance coverage for the past three years.

10. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Participation in health insurance programs

The District participates in Medicare, Medicaid, Blue Cross, and Rocky Mountain Health Maintenance Organization (HMO) health insurance programs. Revenue received under cost reimbursement agreements are subject to audit and retroactive adjustment by third-party payers.

12. Patient service revenue

Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for service rendered.

NOTE B – CASH AND INVESTMENTS

Deposits

The District's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. All deposits of the District are insured or collateralized with securities held by or for the entity.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The bank balance of deposits is \$6,255,043. Of this amount, \$508,802 is insured by the FDIC and the remaining amount of \$5,746,241 is collateralized under PDPA as described above. \$250,000 of the deposits are investments in certificates of deposit which are insured under FDIC.

Investments

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

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

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE B – CASH AND INVESTMENTS – CONTINUED

- Local government investment pools

Local Government Investment Pools – As of December 31, 2021, the District had \$111 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), a local government investment pool. As an investment pool, Colotruster operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. Colotruster invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include US Treasuries, US Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). Colotruster operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. Colotruster is rated AAA by the Standard & Poor’s Corporation. A designated custodial bank provides banking services and trust custody for securities held on behalf of the participating governments in Colotruster. The custodian’s internal records identify the investments owned by the participating governments.

NOTE C – PROPERTY TAXES

Property taxes for 2020, collectible in 2021, were certified by the Mesa County Commissioners before December 31, 2020. Property taxes attach as an enforceable lien on January 1, 2021 and are due in total April 30, 2021 or in equal installments February 28, 2021 and June 15, 2021, at the option of the taxpayer.

Property taxes for 2021, collectible in 2022, are shown as property taxes receivable and deferred inflows on the statement of net position in the amount of the assessed taxes. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

Revenue recognized

Local property taxes levied for 2019 and 2020, which were collected in 2020 and 2021, are recognized as revenue in these financial statements as shown below:

Revenue Year	Assessed Valuation	Mill Levy	Amount of Taxes		Percent Collected
			Levied	Collected	
2020	\$ 217,117,650	8.000	\$1,736,941	\$1,734,158	99.84%
2021	\$ 179,437,570	8.000	\$1,435,501	\$1,381,592	96.24%

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D – COMMITMENTS

The District entered into an operating lease agreement in September 2006 for the use of real property in Mesa, Colorado. The lease was renewed on December 1, 2021 and expires November 30, 2022 with monthly payments of \$698. Increases in rental payments beginning with the sixth additional annual term are a percentage of the prior lease payments or 5%. There is no option to purchase the real property subject to the lease and the maximum number of additional annual renewal terms is thirty (30) years. The lessee has the right to possess and use the Mesa Clinic site for the operation of a public use facility. The lessee is responsible for building maintenance and the lessor is responsible for preparation of the Clinic site.

NOTE E – CAPITAL ASSETS

At December 31, capital asset transactions and balances include the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets:				
Land	\$ 45,122	\$ –	\$ –	\$ 45,122
Construction in progress	7,290	–	–	7,290
Total capital assets, not being depreciated	52,412	–	–	52,412
Depreciable assets:				
Buildings	3,338,693	–	–	3,338,693
Building improvements	314,912	29,167	–	344,079
Land improvements	40,021	–	–	40,021
Equipment, fixed	174,680	–	–	174,680
Equipment, moveable	229,337	48,790	28,206	249,921
Total capital assets, being depreciated	4,097,643	77,957	28,206	4,147,394
Less accumulated depreciation for:				
Buildings	(1,248,468)	(75,632)	–	(1,324,100)
Building improvements	(172,275)	(7,607)	–	(179,882)
Land improvements	(23,858)	(1,901)	–	(25,759)
Equipment, fixed	(174,239)	(442)	–	(174,681)
Equipment, moveable	(207,372)	(9,515)	(28,206)	(188,681)
Total accumulated depreciation	(1,826,212)	(95,097)	(28,206)	(1,893,103)
Total capital assets, being depreciated, net	2,271,431	(17,140)	–	2,254,291
Total capital assets, net	<u>\$ 2,323,843</u>	<u>\$ (17,140)</u>	<u>\$ –</u>	<u>\$ 2,306,703</u>

Plateau Valley Hospital District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE F – NET POSITION

The District’s Board of Directors has chosen to designate \$200,000 as a capital reserve from unrestricted net position at December 31, 2021.

NOTE G – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment as they have interpreted it. During 2004, the District’s voters approved an increase in the mill levy and the ability of the District to accept revenues beyond limitations set in the amendment or by the Legislature.

NOTE H – BLENDED COMPONENT UNIT CONDENSED FINANCIAL INFORMATION

The following is the condensed financial information of Plateau Valley Health Services (PVHS) for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Condensed statement of financial position		
Total current assets	\$ 1,821	\$ 1,821
Total unrestricted net assets	<u>\$ 1,821</u>	<u>\$ 1,821</u>
Condensed statement of activities		
Expenses	\$ –	\$ –
Net assets, beginning	<u>1,821</u>	<u>1,821</u>
Net assets, ending	<u>\$ 1,821</u>	<u>\$ 1,821</u>
Condensed statement of cash flows		
Cash from contributions	\$ –	\$ –
Cash and cash equivalents, beginning	<u>1,821</u>	<u>1,821</u>
Cash and cash equivalents, ending	<u>\$ 1,821</u>	<u>\$ 1,821</u>

SUPPLEMENTAL INFORMATION

Plateau Valley Hospital District

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

Year ended December 31,

	Original and Final Budget	Actual 2021	Variance Favorable (Unfavorable)	Actual 2020
Revenues				
Clinic services	\$ 395,200	\$ 722,400	\$ 327,200	\$ 692,899
Contractual adjustments and bad debts	-	(309,988)	(309,988)	(301,111)
District revenue	14,400	19,659	5,259	19,435
Other revenue and grants	6,000	11,000	5,000	2,500
General property tax	1,435,501	1,381,724	(53,777)	1,734,202
Property tax abatement	-	(132)	(132)	(179,723)
Specific ownership	182,600	207,049	24,449	241,192
Investment income	42,300	41,947	(353)	107,623
	<u>2,076,001</u>	<u>2,073,659</u>	<u>(2,342)</u>	<u>2,317,017</u>
Expenses				
Clinic services	1,248,975	1,225,123	23,852	1,170,711
Laboratory/EKG	-	7,240	(7,240)	3,871
	<u>1,248,975</u>	<u>1,232,363</u>	<u>16,612</u>	<u>1,174,582</u>
Administrative and general services				
Administration	152,480	132,001	20,479	134,351
Utilities	42,000	37,091	4,909	35,385
Maintenance and environmental services	21,000	24,965	(3,965)	19,689
Insurance	31,500	27,594	3,906	28,335
Treasurer's fees/interest expense	28,710	27,630	1,080	31,330
	<u>275,690</u>	<u>249,281</u>	<u>26,409</u>	<u>249,090</u>
Capital expenditures	<u>80,000</u>	<u>78,378</u>	<u>1,622</u>	<u>13,750</u>
	<u>1,604,665</u>	<u>1,560,022</u>	<u>44,643</u>	<u>1,437,422</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES				
	<u>\$ 471,336</u>	<u>513,637</u>	<u>\$ 42,301</u>	<u>879,595</u>
Adjustment to budgetary basis:				
Depreciation		(95,097)		(89,557)
Capital expenditures, capitalized		<u>77,957</u>		<u>9,909</u>
Change in net position		<u>\$ 496,497</u>		<u>\$ 799,947</u>