

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

December 31, 2023 and 2022

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	11
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 the Plateau Valley Hospital District as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Plateau Valley Hospital District's basic financial statements as listed in the table of contents.

The financial statements of the Plateau Valley Hospital District as of December 31, 2022, and for the year ended were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 19, 2023.

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 the Plateau Valley Hospital District, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 Plateau Valley Hospital 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 Plateau Valley Hospital 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.

Certified Public Accountants

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 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 Plateau Valley 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 the Plateau Valley 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Plateau Valley Hospital District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
April 30, 2024

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 2023, net position increased by \$731,103 (8.6%) when compared to 2022.
- Total revenues increased by \$747,600 (45.6%) to \$2,386,683 for 2023.
- Total operating expenses decreased by \$30,098 (1.8%) from 2022 to 2023.
- Total capital assets decreased by \$57,171 to \$2,237,502 in 2023.
- Capital contributions decreased in 2023 by \$2,103.

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)
- Schedules of revenues and expenditures – budget and actual – (non-GAAP budgetary basis) – reports the District's revenues and expenditures on the same basis as the budget. (See page 19)

STATEMENT OF NET POSITION

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

Years ended December 31,	2023	2022	2021
Current assets	8,775,791	7,910,580	7,339,706
Capital assets	<u>2,237,502</u>	<u>2,294,675</u>	<u>2,383,594</u>
Total assets	<u>11,013,293</u>	<u>10,205,255</u>	<u>9,723,300</u>
Current Liabilities	103,223	86,427	78,937
Long-term Lease payable	<u>101,602</u>	<u>106,350</u>	<u>110,680</u>
Total liabilities	204,825	192,777	189,617
Property Taxes	<u>1,598,607</u>	<u>1,533,720</u>	<u>1,018,678</u>
Total deferred inflows	1,598,607	1,533,720	1,018,678
Net assets			
Restricted - Tabor	72,000	49,250	62,250
Invested in capital assets	2,170,273	2,222,615	2,306,703
Unrestricted	<u>6,967,588</u>	<u>6,206,893</u>	<u>6,146,052</u>
Total net position	<u>9,209,861</u>	<u>8,478,758</u>	<u>8,515,005</u>

The net position of the District increased from \$8,478,758 in 2022 to \$9,209,861 in 2023. The District's total assets increased from \$10,205,255 in 2022 to \$11,013,293 in 2023. The District's liabilities increased by 12,048 primarily due to an increase in accrued payroll and compensated absences payable.

REVIEW OF REVENUES

Years ended December 31,	2023	2022	2021
Operating revenues			
Clinic Services	<u>312,364</u>	<u>373,540</u>	<u>412,412</u>
Total	312,364	373,540	412,412
Non-Operating revenues			
Specific Ownership	193,974	135,546	207,049
General Property Taxes	1,534,276	1,019,148	1,381,592
Investment Income	329,092	91,769	41,947
Other Revenue*	14,383	17,853	26,592
Contributions	2,594	603	4,068
Grants	<u>0</u>	<u>624</u>	<u>0</u>
Total	<u>2,074,319</u>	<u>1,265,543</u>	<u>1,661,248</u>
Total revenues	<u>2,386,683</u>	<u>1,639,083</u>	<u>2,073,660</u>

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

Management's Discussion and Analysis

The District's total revenues increased in 2023 by \$474,600 from 2022. This increase corresponds mainly to the increase in the general property and specific ownership taxes received. District funds are currently held in interest bearing accounts with more being moved into higher yielding marketable certificates of deposit and agency bonds.

REVIEW OF EXPENSES

Years ended December 31,	2023	2022	2021
Operating expenses			
Medical Clinic	1,229,499	1,314,943	1,232,364
Administration	298,031	243,941	218,385
Depreciation	97,374	96,118	99,928
Total	<u>1,624,904</u>	<u>1,655,002</u>	<u>1,550,677</u>
Non-Operating expenses			
County treasurer's fees	30,676	20,328	27,630
Other expenses	0	0	0
Total	<u>30,676</u>	<u>20,328</u>	<u>27,630</u>
Total expenses	<u>1,655,580</u>	<u>1,675,330</u>	<u>1,578,307</u>

The District's total expenses decreased in 2023 by \$19,750 primarily due to changes in providers.

CAPITAL CONTRIBUTIONS

Years ended December 31,	2023	2022	2021
Grants	0	624	0
Other revenues	14,383	17,853	26,592
Contributions	2,594	603	4,068
Total	<u>16,977</u>	<u>19,080</u>	<u>30,660</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 \$48,593 from 2022 to 2023, due to depreciated expenses.

Years ended December 31,	2023	2022	2021
Non-depreciable capital assets:			
Land	45,122	45,122	45,122
Construction in progress	0	0	7,290
	<u>45,122</u>	<u>45,122</u>	<u>52,412</u>
Depreciable capital assets:			
Buildings	3,338,693	3,338,693	3,338,693
Building Improvements	351,370	351,370	344,079

Management's Discussion and Analysis

Land Improvements	80,224	40,021	40,021
Equipment	431,799	431,799	424,601
Right-of-use lease asset	149,756	149,756	149,756
	<u>4,351,842</u>	<u>4,311,639</u>	<u>4,297,150</u>
Less accumulated depreciation	<u>2,159,462</u>	<u>2,062,088</u>	<u>1,965,970</u>
Book value of depreciable capital assets	<u>2,192,380</u>	<u>2,249,551</u>	<u>2,331,180</u>
Total capital assets	<u>2,237,502</u>	<u>2,294,673</u>	<u>2,383,592</u>

The major capital asset additions were as follows:

In 2023: The parking lot for the Mesa Clinic was torn out and replaced with new asphalt.

In 2022: The capital expense threshold was increased to \$3000. The only purchase meeting those requirements was a new defibrillator for the Collbran Clinic.

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.

DEBT OUTSTANDING

The District does not have any outstanding debt.

ECONOMIC AND OTHER FACTORS

In 2023, the District saw an increase in both the general property tax and specific ownership tax income. The District continues to take advantage of the higher yields with the COLOTRUST account and marketable certificates of deposit and agency bonds. The investment income increased significantly due to these higher rates. The old building that operates as a rental property had an increase in tenants. The building was almost at full occupancy by the end of 2023. Clinic revenues were down with the retirement of one of the providers at the end of 2022. A replacement provider was not hired until August, so the Mesa Clinic operated with a decrease in hours of operation until September.

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
Statement of Net Position
December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash	\$ 15,333	\$ 48,733
Certificates of deposit	3,418,261	717,098
U.S. government securities money market	172,672	849,688
Government investment pools	659,558	4,670,500
Government and agency securities	2,764,142	-
Accounts receivable, less allowance of \$39,643 and \$92,615 in 2023 & 2022	16,937	43,355
Interest receivable	77,686	10,371
Prepaid expense	37,676	25,531
Other taxes receivable	14,919	11,584
Property taxes receivable	1,598,607	1,533,720
Total Current Assets	<u>8,775,791</u>	<u>7,910,579</u>
Capital assets, net	2,170,273	2,222,615
Right of use asset	67,229	72,060
Total Assets	<u>11,013,293</u>	<u>10,205,255</u>
LIABILITIES		
Current Liabilities		
Accounts payable	21,919	18,537
Accrued payroll	24,496	18,019
Compensated absences payable	52,123	45,541
Leases payable, current	4,685	4,330
Total liabilities	<u>103,223</u>	<u>86,427</u>
Long-term lease payable	101,602	106,350
Total Liabilities	<u>204,825</u>	<u>192,777</u>
DEFERRED INFLOWS		
Deferred property taxes	1,598,607	1,533,720
Total Deferred inflows	<u>1,598,607</u>	<u>1,533,720</u>
NET POSITION		
Invested in capital assets	2,170,273	2,222,615
Restricted for:		
Tabor	72,000	49,250
Unrestricted	6,967,588	6,206,893
Total net position	<u>\$ 9,209,861</u>	<u>\$ 8,478,758</u>

The accompanying notes are an integral part of this statement.

PLATEAU VALLEY HOSPITAL DISTRICT
Statement of Revenues, Expenditures and Changes in Net Position
For the Year Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Patient service revenue		
Clinic services (net of contractual allowances and bad debt of \$221,997 and \$292,822 in 2023 and 2022	\$ 312,364	\$ 373,540
Operating expenses		
Clinic services	1,229,499	1,314,943
Administrative services	298,031	243,941
Depreciation	97,374	96,118
	<u>1,624,904</u>	<u>1,655,002</u>
Operating Loss	(1,312,540)	(1,281,462)
Nonoperating revenues (expenses)		
Other revenue	14,383	17,853
General property tax (net of property tax refund of \$1205 and \$242 in 2023 and 2022	1,534,276	1,019,148
Specific Ownership	193,974	135,546
Grants	-	624
Contributions	2,594	603
Investment income	329,092	91,769
Treasurer's fees	(30,676)	(20,328)
Total nonoperating revenues (expenses)	<u>2,043,643</u>	<u>1,245,215</u>
Change in net position	731,103	(36,247)
Fund balance, January 1	8,478,758	8,515,005
Fund balance, December 31	<u>\$ 9,209,861</u>	<u>\$ 8,478,758</u>

The accompanying notes are an integral part of this statement.

PLATEAU VALLEY HOSPITAL DISTRICT
Statement of Cash Flows
Year Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from patients and third party payors	\$ 338,782	\$ 361,517
Cash payments to suppliers	(495,883)	(1,104,809)
Cash payments to employees	(1,102,394)	(450,442)
Net cash provided (used) by operating activities	<u>(1,259,495)</u>	<u>(1,193,734)</u>
Cash Flows from Noncapital Financing Activities		
Cash received from tax collections	1,697,574	1,134,366
Donations, grants and other revenue received	16,977	19,080
Net cash provided (used) by noncapital financing activities	<u>1,714,551</u>	<u>1,153,446</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(40,203)	(7,199)
Net cash provided (used) by capital and related financing activities	<u>(40,203)</u>	<u>(7,199)</u>
Cash Flows from Investing Activities		
Sale (purchase) of investments	1,246,802	(4,670,389)
Interest received	329,092	91,769
Net Cash provided by Investing Activities	<u>1,575,894</u>	<u>(4,578,620)</u>
Net increase (decrease) in cash and equivalents	1,990,747	(4,626,107)
Cash balances, January 1	1,615,519	6,241,626
Cash balances, December 31	<u>\$ 3,606,266</u>	<u>\$ 1,615,519</u>
Cash and cash equivalents consist of the following:		
Cash	\$ 15,333	\$ 48,733
Certificates of deposit	3,418,261	717,098
U.S. government money market	172,672	849,688
	<u>\$ 3,606,266</u>	<u>\$ 1,615,519</u>
Noncash recognition of tax refund against current year property tax revenue	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,312,540)	\$ (1,281,462)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	97,374	96,118
(Increase) decrease in accounts receivable	23,083	(3,874)
(Increase) decrease in prepaid expense	(12,145)	473
(Increase) decrease in interest receivable	(67,315)	(8,149)
Increase (decrease) in accounts payable	3,382	4,814
Increase (decrease) in lease payable	(4,393)	(3,875)
Increase (decrease) in compensated absences payable	6,582	683
Increase (decrease) in accrued payroll	6,477	1,538
Total adjustments	<u>53,045</u>	<u>87,728</u>
Net cash provided (used) by operating activities	<u>\$ (1,259,495)</u>	<u>\$ (1,193,734)</u>

The accompanying notes are an integral part of this statement.

Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022

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 nonprofit 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 the 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.

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.

Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Basis of Accounting

The basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. The 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 in 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, 2023, and 2022 were \$1,868,364 and \$1,721,759, 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.

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 \$3,000 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.

**Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets- Continued

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 are not vest until at least 10 years of service has been 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.

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.

Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022

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 \$223,727. Of this amount, \$223,727 is insured by the FDIC.

Negotiable Certificates of Deposit

During the year, the District invested in negotiable certificates of deposit (CDs) with various financial institutions. Negotiable CDs can be bought and sold on the secondary market prior to their maturity date. These investments were recorded at cost, which is the amount paid to acquire them, and are reported at fair value in the Statement of Net Position. Fair value is determined based on quoted market prices.

The negotiable CDs have maturities ranging from 1 to 5 years and carry interest rates ranging from 3.34% to 5.24%. The District may be subject to liquidity risk if it needs to sell these investments prior to maturity, as the market value of negotiable CDs can fluctuate based on changes in interest rates and credit ratings of the issuer. However, the District does not anticipate the need to sell these investments prior to their maturity dates.

As of December 31, 2023, the cost of negotiable CDs held by the District was \$3,415,000 and the fair value was \$3,418,262. The gain on investment for the year ended December 31, 2023, is \$3,262.

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
- Local government investment pools

**Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022**

NOTE B – CASH AND INVESTMENTS – CONTINUED

Local Government Investment Pools – As of December 31, 2023, the District had \$659,558 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.

	Mature Less than one Year	Net Asset Value
ColoTrust	\$659,558	\$659,558

The District investments are categorized under Category 1 which is insured or registered or for which the securities are held by the District's agent in the District's name. The government and agencies securities have maturities ranging from 1 to 5 years and carry interest rates ranging from 1.06% to 5.80%.

Investments

Government and Agency Securities	<u>Fair Market</u>	<u>Credit Rating</u>
Federal Farm Credit Bank	\$ 248,146	AAA
Federal Home Loan Bank	216,003	AAA
Federal Home Loan Mortgage	1,442,416	AAA
Federal National Mortgage Assn	<u>292,263</u>	AAA
Total	<u>\$ 2,757,142</u>	

NOTE C – PROPERTY TAXES

Property taxes for 2022, collectible in 2023, were certified by the Mesa County Commissioners before December 31, 2022. Property taxes attach as an enforceable lien on January 1, 2023, and are due in total April 30, 2023, or in equal installments February 28, 2023, and June 15, 2023, at the option of the taxpayer.

Property taxes for 2023, collectible in 2024, 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.

**Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022**

NOTE C – PROPERTY TAXES – CONTINUED

Revenue recognized.

Local property taxes levied for 2021 and 2022, which were collected in 2022 and 2023, are recognized as revenue in these financial statements as shown below:

Revenue Year	Assessed Valuation	Mill Levy	Amount of Taxes		Percent Collected
			Levied	Collected	
2022	\$ 127,334,750	8.000	\$ 1,018,678	\$ 1,016,201	99.76%
2023	\$ 191,715,020	8.000	\$ 1,533,720	\$ 1,533,071	99.96%

NOTE D – LEASE AGREEMENT

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, 2022, and expires November 30, 2023, 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 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. Future cash payments for the lease are documented in Note E.

NOTE E – RIGHT OF USE LEASE ASSET

The District implemented GASB 87 in 2023. The implementation of the new lease standard was retroactive. To implement the standard, the District added a right-of-use asset for the lease discussed in Footnote D – Lease Agreement, a related lease liability, and amortization account for the right-of-use asset. The following is the future cash payments for the Right-of-Use Lease Asset.

	Principal	Interest	Total
2024	\$ 4,685	\$ 4,483	\$ 9,168
2025	5,023	4,328	9,351
2026	5,386	4,153	9,539
2027	5,774	3,955	9,729
2028	6,191	3,732	9,923
2029-2033	38,340	14,335	52,675
2024-2037	40,888	4,165	45,053
	<u>\$ 106,287</u>	<u>\$ 39,151</u>	<u>\$ 145,438</u>

**Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022**

NOTE F – CAPITAL ASSETS

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

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Capital assets not being depreciated				
Land	\$ 45,122	\$ -	\$ -	\$ 45,122
	<u>45,122</u>	<u>-</u>	<u>-</u>	<u>45,122</u>
Capital assets being depreciated				
Buildings	3,338,693	-	-	3,338,693
Building improvements	351,370	-	-	351,370
Land improvements	40,021	40,203	-	80,224
Equipment fixed	174,680	-	-	174,680
Equipment movable	257,119	-	-	257,119
Right-to-use lease asset	149,756	-	-	149,756
	<u>4,311,639</u>	<u>40,203</u>	<u>-</u>	<u>4,351,842</u>
Less accumulated depreciation				
Buildings	(1,390,964)	(66,865)	-	(1,457,829)
Building improvements	(188,037)	(8,337)	-	(196,374)
Land improvements	(27,663)	(2,906)	-	(30,569)
Equipment fixed	(174,680)	-	-	(174,680)
Equipment movable	(203,048)	(14,435)	-	(217,483)
Right-to-use lease asset	(77,696)	(4,831)	-	(82,527)
	<u>(2,062,088)</u>	<u>(97,374)</u>	<u>-</u>	<u>(2,159,462)</u>
Capital asset being depreciated, net	<u>2,249,551</u>	<u>(57,171)</u>	<u>-</u>	<u>2,192,380</u>
Total Capital Assets, net	<u>\$ 2,294,673</u>	<u>\$ (57,171)</u>	<u>\$ -</u>	<u>\$ 2,237,502</u>

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.

Plateau Valley Hospital District
Notes To Financial Statements
December 31, 2023 and 2022

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>2023</u>	<u>2022</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, Expenditures-Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable)
Revenues				
Clinic services	\$ 352,475	\$ 352,475	\$ 534,361	\$ 181,886
Contractual adjustments and bad debt	(190,320)	(190,320)	(221,997)	(31,677)
District revenue	18,555	18,555	16,978	(1,577)
General property tax	1,533,720	1,533,720	1,535,481	1,761
Property tax abatement	-	-	(1,205)	(1,205)
Specific ownership	140,000	140,000	193,974	53,974
Investment income	180,685	180,685	329,092	148,407
	<u>2,035,115</u>	<u>2,035,115</u>	<u>2,386,684</u>	<u>351,569</u>
Expenditures				
Clinic services	1,454,560	1,454,560	1,223,751	230,809
Laboratory/EKG	8,630	8,630	5,748	2,882
	<u>1,463,190</u>	<u>1,463,190</u>	<u>1,229,499</u>	<u>233,691</u>
Administrative and general services				
Administration	168,885	168,885	189,008	(20,123)
Utilities	45,425	45,425	39,272	6,153
Maintenance and environmental services	21,610	21,610	39,113	(17,503)
Insurance	33,080	33,080	30,638	
Treasurer's fees/interest expense	30,674	30,674	30,676	(2)
	<u>299,674</u>	<u>299,674</u>	<u>328,707</u>	<u>(31,475)</u>
Capital expenditures	105,500	105,500	40,203	65,297
	<u>1,868,364</u>	<u>1,868,364</u>	<u>1,598,409</u>	<u>267,513</u>
Excess of Revenues over (under)				
Expenditures	<u>\$ 166,751</u>	<u>\$ 166,751</u>	788,275	<u>\$ 84,056</u>
Adjustment to budgetary basis:				
Depreciation			(97,374)	
Capital expenditures, capitalized			<u>40,203</u>	
Change in net position			<u>\$ 731,104</u>	