

Agenda

Estes Park Health Finance Subcommittee Meeting Agenda via Microsoft Teams

Monday, September 26, 2022

4:00 - 5:00 pm

Dial (audio only) 970-822-7850; enter Phone Conference ID: 616 290 624# when prompted

Regular Session	Mins.	Procedure	Presenter(s)
1 Call to Order and Welcome	2	Action	Dr Steve Alper
2 Approval of the Agenda	2	Action	Dr Steve Alper
3 Public Comments on Items Not on the Agenda		Information	Public
4 December 31, 2021 Audit presentation - Eide Bailly	30	Information	Dave Studebaker & Chris Dillon
5 June 30, 2022 financial statements	20	Information	Dave Timpe
6 Adjourn	2	Action	Finance Committee
Estimated Total Regular Session Mins.	56		



September 21, 2022

To the Board of Directors
Estes Park Health
Estes Park, Colorado

We have audited the financial statements of Park Hospital District dba Estes Park Health as of and for the year ended December 31, 2021, and have issued our report thereon dated September 21, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our letter dated March 7, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Estes Park Health solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's 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 dated September 21, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Estes Park Health is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Estimated Third-Party Payor Settlements – Management's estimate of the amounts either owed to or receivable from third-party payors is based on both final and tentatively settled cost reports, requests from Recovery Audit Contractors, and other expectations. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. There is a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that the estimates for all open years are adequate. Any differences between the estimates and the final settlements will be recorded in the period the final settlements are made and will not be treated as prior period adjustments.

Allowance for Contractual Allowances and Doubtful Accounts – Management's estimate of the allowance for contractual allowances and doubtful accounts is based on historical loss levels and an analysis of the collectability of individual accounts.

Self-Funded Health Insurance Liability – Management's estimate of self-funded health insurance liability is based on the timing and amounts of historical payments.

Provider Relief Funds – Amounts received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund are subject to terms and conditions, which state payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Management's estimate of the funds recognized as income is based on meeting the terms and conditions. The terms and conditions are subject to interpretation.

We evaluated the key factors and assumptions used to develop the estimates related to amounts either owed to or receivable from third-party payors, the collectability of patient receivables, self-funded health insurance liability and provider relief funds in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Increase in Accounts payable and construction in process of \$277,000 for late invoices which weren't accrued
- Restatement of 2020 grant revenue and receivable of \$500,000 for a cost reimbursable grant that should have been recorded

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Increase to other receivables and other revenues of \$331,000 – To record a receivable and revenue related to final business interruption payment received subsequent to year end.

The effect of this uncorrected misstatement, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended December 31, 2021, is an understatement of net position and change in net position of approximately \$331,000.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

We have made the following modification to our auditor's report:

As discussed in Note 12 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2020 financial statements of the Estes Park Health other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated September 21, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Estes Park Health, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Estes Park Health's auditors.

The consolidated financial statements include the financial statements of Estes Park Medical Center Foundation, a discretely presented component unit of Estes Park Health, which we considered to be a significant component of the consolidated financial statements. Consistent with the audit of the consolidated financial statements as a whole, our audit included obtaining an understanding of Estes Park Health and Estes Park Medical Center Foundation and their environment, including internal control, sufficient to assess the risks of material misstatement of the consolidated financial statements of Estes Park Health and Estes Park Medical Center Foundation and completion of further audit procedures.

This report is intended solely for the information and use of the Board of Directors and management of Estes Park Health and is not intended to be and should not be used by anyone other than these specified parties. We will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation we received during the course of the audit. We look forward to many years of continued service to Estes Park Health.



Denver, Colorado



Management's Discussion and Analysis
and Financial Statements
December 31, 2021 and 2020

Park Hospital District dba Estes Park Health

Park Hospital District dba Estes Park Health

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Independent Auditor's Report

The Board of Directors
Park Hospital District dba Estes Park Health
Estes Park, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Park Hospital District dba Estes Park Health (Medical Center), which comprise the statements of net position as of December 31, 2021, and the related statements of revenues, expenses, and changes in net position and statements of cash flows, and the statements of financial position and related statements of activities of its discretely presented component unit Estes Park Medical Center Foundation dba Estes Park Health Foundation, as of and for the years then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Estes Park Medical Center as of December 31, 2021 and 2020, and the results of its operations and its 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 the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Medical Center 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.

Restatement of Prior Year Financial Statements

The financial statements of Estes Park Health as of and for the year ended December 31, 2020, were audited by other auditors, whose report dated April 27, 2021, contained an unmodified opinion on those statements. As discussed in Note 12 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2020 financial statements of the Medical Center other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of the Medical Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 on the effectiveness of the Medical Center’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 Medical Center’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
September 21, 2022

Our discussion and analysis for Estes Park Health (Medical Center) provides an overview of the Medical Center's financial activities for the fiscal years ended December 31, 2021, 2020, and 2019. Please read it in conjunction with the Medical Center's financial statements, which begin on page 10.

Using This Annual Report

The Medical Center'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 financial statements and related notes provide information about the activities of the Medical Center including resources held by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation.

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

One of the most important questions asked about the Medical Center's finances is, "Is the Medical Center, 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 Change in Net Position report information about the Medical Center'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. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Medical Center's net position and changes in them. You can think of the Medical Center's net position, the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources as one way to measure the Medical Center's financial health, or financial position. Over time, increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Medical Center's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing and capital and related financing 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 balance during the reporting period.

Financial Highlights

Significant financial changes, which are explained in subsequent sections of Management's Discussion and Analysis, for the years ended December 31, 2021 and 2020 are as follows:

Year ended	December 31, 2021		December 31, 2020	
Change in operating revenues	\$ 3,640,928	7.6%	\$ (856,099)	-1.7%
Change in operating expenses	1,417,963	2.6%	3,000,162	5.7%
Change in operating loss	2,222,965	-31.4%	(3,856,261)	119.4%
Change in nonoperating revenues (expenses)	10,830,082	303.1%	694,045	24.1%
Change in change in net position	12,705,191	-425.1%	(2,740,541)	1104.9%

The Medical Center's Net Position

The Medical Center's net position is the difference between its assets, deferred outflow of resources, liabilities and deferred inflow of resources in the Statement of Net Position on pages 10 and 11.

	2021	2020	2019
Assets and Deferred Outflow of Resources			
Current assets	\$ 29,358,184	\$ 29,895,515	\$ 31,637,443
Other noncurrent assets	14,306,607	14,379,177	2,299,525
Capital assets, net	30,195,401	32,139,581	31,746,460
Total assets	\$ 73,860,192	\$ 76,414,273	\$ 65,683,428
Liabilities and Deferred Inflows of Resources			
Long-term debt outstanding	\$ 13,615,984	\$ 14,900,000	\$ 13,485,000
Other current and noncurrent liabilities	8,025,565	19,012,242	6,704,073
Total liabilities	21,641,549	33,912,242	20,189,073
Deferred Inflows of Resources	3,115,979	3,115,979	3,119,724
Total liabilities and deferred inflows of resources	24,757,528	37,028,221	23,308,797
Net Position:			
Net investment in capital assets	16,354,373	17,239,581	18,261,460
Restricted, expendable	3,919,972	3,915,919	1,412,536
Unrestricted	28,828,319	18,230,552	22,700,635
Total net position	49,102,664	39,386,052	42,374,631
Total liabilities, deferred inflows of resources, and net position	\$ 73,860,192	\$ 76,414,273	\$ 65,683,428

Park Hospital District dba Estes Park Health

Management's Discussion and Analysis

December 31, 2021 and 2020

Operating Results and Changes in the Medical Center's Net Position

The following table highlights the Medical Center's operations and changes in net position.

	2021	2020	2019
Operating Revenues			
Net patient and resident service revenue	\$ 51,186,829	\$ 47,742,249	\$ 48,337,074
Other revenue	662,751	466,403	727,677
Total operating revenues	51,849,580	48,208,652	49,064,751
Operating Expenses			
Salaries, wages, and employee benefits	29,257,903	29,474,925	28,516,716
Supplies and other	10,794,196	10,729,164	9,898,447
Professional fees and purchased services	13,428,647	11,939,927	11,797,929
Depreciation and amortization	3,231,689	3,150,456	2,081,218
Total operating expenses	56,712,435	55,294,472	52,294,310
Operating Loss	(4,862,855)	(7,085,820)	(3,229,559)
Nonoperating Revenues (Expenses)			
Property tax revenues	3,284,513	3,254,488	2,896,027
Provider Relief Funds	6,009,351	-	-
Paycheck Protection Program loan forgiveness	4,800,000	-	-
Interest expense	(416,164)	(417,841)	(395,453)
Investment income (loss)	(93,819)	117,437	334,928
Gain (loss) on disposal of capital assets	(49,750)	-	8,500
Noncapital contributions and grants	57,866	526,206	23,021
Business interruption insurance recovery and other	811,556	93,181	12,403
Total nonoperating revenues (expenses), net	14,403,553	3,573,471	2,879,426
Revenues in Excess of Expenses (Expenses in Excess of Revenues) Before Capital Contributions and Grants	9,540,698	(3,512,349)	(350,133)
Capital Grants and Contributions	175,914	523,770	102,095
Change in Net Position	9,716,612	(2,988,579)	(248,038)
Net Position, Beginning of Year	39,386,052	42,374,631	42,622,669
Net Position, End of Year	\$ 49,102,664	\$ 39,386,052	\$ 42,374,631

Operating Loss

The first component of the overall change in the Medical Center's net position is its operating loss, generally, the difference between net patient service revenues and the expenses incurred to perform those services. In 2021, 2020, and 2019, the Medical Center reported operating losses.

Changes in the primary components of operating results are:

Year ended	December 31, 2021		December 31, 2020	
Change in net patient and resident service revenue	\$ 3,444,580	7.2%	\$ (594,825)	-1.2%
Change in salaries and benefits	(217,022)	-0.7%	958,209	3.4%
Change in supplies and other expenses	65,032	0.6%	830,717	8.4%

The increase in net patient and resident service revenue from 2020 to 2021 was due to increase in volumes. The decrease in net patient and resident service revenue from 2019 to 2020 was related to the ongoing pandemic. Salary and benefit costs decreased in 2021 as a result of staffing limitations and management of expenses. Supplies and other expenses increased in 2021 due to higher patient volumes and increased supply costs.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) consist primarily of property tax revenue to support operations, interest expense on debt, noncapital contributions and grants, gains (losses) on the disposal of capital assets, and government program payments related to COVID-19. Changes in nonoperating revenues (expenses) are as follows:

Year ended	December 31, 2021		December 31, 2020	
Total nonoperating revenues (expenses), net	\$ 10,830,082	303.1%	\$ 694,045	24.1%

The Medical Center recognized approximately \$6 million in Provider Relief Fund revenue, \$4.8 million of Paycheck Protection Program loan forgiveness and \$850,000 of business interruption insurance proceeds in 2021. The increase in 2020 is a result of increased property tax revenues.

The Medical Center's Cash Flows

Changes in the Medical Center's cash flows are consistent with changes in operating income and nonoperating revenues and expenses and Provider Relief Funding received.

Year ended	2021	2020
Change in net cash from operations	\$ (3,672,936)	\$ (1,042,086)
Change in net cash from non capital related financing activities	(7,777,521)	10,543,355
Change in net cash used for capital and related financing activities	78,651	1,847,299
Change in net cash from (used for) investing activities	12,226,788	(19,392,636)

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. If you have questions about this report or need additional information, contact Estes Park Health Chief Financial Officer, 555 Prospect Avenue, Estes Park, Colorado, 80517.

Park Hospital District dba Estes Park Health
 Statements of Net Position
 December 31, 2021 and 2020

	2021	2020 (Restated)
Current Assets		
Cash and cash equivalents	\$ 11,842,577	\$ 8,225,705
Restricted cash under bond indenture agreement	3,919,972	3,915,919
Restricted cash under Provider Relief Funds	-	5,370,111
Receivables		
Patient, net of estimated uncollectibles of approximately \$674,000 in 2021 and \$1,301,000 in 2020	7,150,118	5,934,941
Property Taxes and other	3,651,026	3,760,914
Estimated third-party payor settlements	911,702	845,198
Supplies	1,371,692	1,276,629
Prepaid expenses	511,097	566,098
Total current assets	29,358,184	29,895,515
Noncurrent Investments		
Long-Term Investments	14,306,607	14,379,177
Total noncurrent investments	14,306,607	14,379,177
Capital Assets		
Capital assets not being depreciated	1,250,662	526,650
Depreciable capital assets, net of accumulated depreciation	28,944,739	31,612,931
Total capital assets	30,195,401	32,139,581
Total assets	\$ 73,860,192	\$ 76,414,273

Park Hospital District dba Estes Park Health

Statements of Net Position
December 31, 2021 and 2020

	2021	2020 (Restated)
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 240,807	\$ 178,114
Current maturities of capital leases	49,476	-
Accounts payable		
Trade	3,403,970	2,580,955
Provider Relief Fund - refundable advance	-	5,370,111
Paycheck Protection Program loan	-	4,800,000
CMS Advance Payments	2,325,936	4,381,398
Accrued expenses		
Salaries, wages, and related liabilities	1,182,176	1,095,658
Compensated absences	888,439	784,120
Total current liabilities	<u>8,090,804</u>	<u>19,190,356</u>
Noncurrent Liabilities		
Long term debt, less current maturities	13,375,177	14,721,886
Capital leases, less current maturities	175,568	-
Total noncurrent liabilities	<u>13,550,745</u>	<u>14,721,886</u>
Total Liabilities	<u>21,641,549</u>	<u>33,912,242</u>
Deferred Inflows of Resources - Property Taxes	<u>3,115,979</u>	<u>3,115,979</u>
Net Position		
Net investment in capital assets	16,354,373	17,239,581
Restricted, expendable	3,919,972	3,915,919
Unrestricted	28,828,319	18,230,552
Total net position	<u>49,102,664</u>	<u>39,386,052</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 73,860,192</u>	<u>\$ 76,414,273</u>

Park Hospital District dba Estes Park Health
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020 (Restated)
Operating Revenues		
Net patient and resident service revenue, net of provision for bad debts of approximately \$881,000 in 2021 and \$650,000 in 2020	\$ 51,186,829	\$ 47,742,249
Other revenue	662,751	466,403
Total operating revenue	51,849,580	48,208,652
Operating Expenses		
Salaries and wages	23,638,494	23,495,828
Employee benefits	5,619,409	5,979,097
Professional fees and purchased services	13,428,647	11,939,927
Supplies	5,563,849	6,136,976
Utilities and rent expense	1,773,646	1,386,617
Insurance	368,996	360,972
Repairs and maintenance	417,903	150,259
Depreciation and amortization	3,231,689	3,150,456
Other	2,669,802	2,694,340
Total operating expenses	56,712,435	55,294,472
Operating Loss	(4,862,855)	(7,085,820)
Nonoperating Revenues (Expenses)		
Property tax revenues	3,284,513	3,254,488
Provider Relief Funds	6,009,351	-
Paycheck Protection Program loan forgiveness	4,800,000	-
Interest expense	(416,164)	(417,841)
Investment income (loss)	(93,819)	117,437
Loss on disposal of capital assets	(49,750)	-
Noncapital contributions and grants	57,866	526,206
Business interruption insurance recovery and other	811,556	93,181
Nonoperating revenues, net	14,403,553	3,573,471
Revenues in Excess of (Less Than) Expenses Before Capital Contributions	9,540,698	(3,512,349)
Capital Contributions	175,914	523,770
Increase (Decrease) in Net Position	9,716,612	(2,988,579)
Net Position, Beginning of the Year	39,386,052	42,374,631
Net Position, End of Year	\$ 49,102,664	\$ 39,386,052

Park Hospital District dba Estes Park Health
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Receipts from and on behalf of patients and other	\$ 49,905,148	\$ 50,960,878
Payments to and on behalf of employees	(29,067,066)	(22,641,734)
Payments to suppliers and contractors	(26,638,689)	(30,272,390)
Other receipts and payments	662,751	488,326
Net Cash used for Operating Activities	<u>(5,137,856)</u>	<u>(1,464,920)</u>
Non Capital Related Financing Activities		
Property taxes supporting operations	3,284,513	3,256,863
Business Interruption Insurance Recovery	850,000	-
HHS Provider Relief Fund	983,280	5,370,111
Paycheck Protection Program Loan	-	4,800,000
Non capital grants and contributions	557,866	26,206
Net Cash from Non Capital Financing Activities	<u>5,675,659</u>	<u>13,453,180</u>
Capital and Capital Related Financing Activities		
Purchase and construction of capital assets	(1,060,337)	(3,959,139)
Issuance of long-term debt	269,971	2,500,000
Principal payments on debt obligations	(1,328,943)	(1,085,000)
Interest paid on debt obligations	(416,164)	(417,841)
Capital contributions	175,914	523,770
Net Cash used for Capital and Capital Related Financing Activities	<u>(2,359,559)</u>	<u>(2,438,210)</u>
Investing Activities		
Sales (purchases) of investments, net	(99,452)	(12,364,836)
Investment income and other	172,022	210,618
Net Cash from (used for) Investing Activities	<u>72,570</u>	<u>(12,154,218)</u>
Net Change in Cash and Cash Equivalents	<u>(1,749,186)</u>	<u>(2,604,168)</u>
Cash and Cash Equivalents, Beginning of Year	<u>17,511,735</u>	<u>20,115,903</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,762,549</u>	<u>\$ 17,511,735</u>

Park Hospital District dba Estes Park Health

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and cash equivalents	\$ 11,842,577	\$ 8,225,705
Restricted cash under bond indenture agreement, current	3,919,972	3,915,919
Restricted cash under Provider Relief Fund	-	5,370,111
	<u>\$ 15,762,549</u>	<u>\$ 17,511,735</u>
Reconciliation of Operating Income to Net Cash used for Operating Activities		
Operating Loss	\$ (4,862,855)	\$ (7,085,820)
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	3,231,689	3,150,456
Provision for bad debts	881,071	650,166
Loss on disposal of capital assets	49,750	-
Changes in assets and liabilities		
Patient receivables	(4,151,710)	(129,425)
Property tax receivables	(764,115)	-
Estimated third-party payor settlements	(95,063)	(1,674,000)
Other receivables	-	21,923
Supplies	(66,504)	(180,421)
Prepaid expenses	55,001	399,579
Paycheck Protection Program loan	-	4,800,000
Deferred revenue	-	(428,112)
Accounts payable	768,424	(191,801)
Accrued salaries, compensated absences, and other	(183,544)	(797,465)
	<u>\$ (5,137,856)</u>	<u>\$ (1,464,920)</u>
Supplemental Disclosure of Cash Flow Information		
Capital assets included in accounts payable	<u>\$ 276,922</u>	<u>\$ 842,789</u>

Park Hospital District dba Estes Park Health
Statements of Financial Position—Discretely Presented Component Unit
Estes Park Medical Center Foundation
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 489,082	\$ 49,697
Promises to give	55,574	50,677
Prepaid expenses	1,273	1,273
Total current assets	545,929	101,647
Other Assets		
Promises to give, less current portion	93,475	7,373
Property plant and equipment, net	4,792	5,355
Investments	4,629,271	3,829,052
Trust receivable	-	109,036
Total other assets	4,727,538	3,950,816
Total assets	\$ 5,273,467	\$ 4,052,463
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 212,463	\$ 31,126
Refundable advance- Paycheck Protection Program	-	54,210
Total current liabilities	212,463	85,336
Net Position		
Unrestricted	2,042,095	1,272,094
Restricted, expendable	3,018,909	2,695,033
Total net position	5,061,004	3,967,127
Total liabilities and net position	\$ 5,273,466	\$ 4,052,462

Park Hospital District dba Estes Park Health
Statements of Activities and Changes in Net Assets—Discretely Presented Component Unit
Estes Park Medical Center Foundation
Years Ended December 31, 2021 and 2020

	2021	2020
Revenues and Other Support Without Donor Restrictions		
Contributions	\$ 170,786	\$ 98,705
Net investment return	372,536	230,717
PPP loan forgiveness	92,722	-
Net assets released from restrictions	679,781	842,769
Total Revenue and Gains	1,315,825	1,172,191
Expenses		
Grants and Contributions to Estes Park Health	194,610	620,933
Salaries and benefits	280,337	269,487
Advertising and marketing	34,595	19,349
Professional fees	13,674	13,951
Office and other	22,608	17,961
Total Expenses	545,824	941,681
Change in Unrestricted Net Position	770,001	230,510
Restricted Net Position		
Contributions	686,398	350,629
Restricted investment income	317,259	232,571
Net position released from restrictions	(679,781)	(842,769)
Change in Restricted Net Position	323,876	(259,569)
Change in Net Position	1,093,877	(29,059)
Net Position, Beginning of the year	3,967,127	3,996,186
Net Position, End of Year	\$ 5,061,004	\$ 3,967,127

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of the Park Hospital District dba Estes Park Health (Medical Center) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Medical Center are described below.

Reporting Entity

The Medical Center operates a 16-bed acute care facility (Hospital); the Prospect Park Retirement Center (Retirement Center); and the Family Medical Center (Clinic), located in Estes Park, Colorado. During 2021, the Retirement Center was closed and residents were transferred to other facilities for care. The Medical Center is organized as a political subdivision of the State of Colorado and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(a). The Medical Center is governed by a Board of Directors consisting of five members elected by the residents of Park Hospital District. The Medical Center is not a component unit of another governmental entity.

For financial reporting purposes, the Medical Center has included all funds, organizations, agencies, boards, commissions, and authorities. The Medical Center has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Medical Center are such that the exclusion would cause the Medical Center'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 Medical Center 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 Medical Center.

Discretely Presented Component Unit

The Estes Park Medical Center Foundation (Foundation) is a 501(c)(3) organization whose sole purpose is to support the Medical Center. The Foundation conducts fundraising campaigns on behalf of the Medical Center. In accordance with Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Foundation has been determined to be a component unit and is presented as a discretely presented component unit in the Medical Center's financial statements. Complete financial statements of the Foundation may be obtained by contacting the Foundation's Executive Office.

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 accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays the Medical Center's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following components:

Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows or resources attributable to the acquisition, construction or improvement of those assets or related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted net position:

Expendable – Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Medical Center.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Medical Center's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Medical Center's considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Patient Receivables, Net

Patient and resident receivables are uncollateralized patient and third-party payor obligations. Payments of patient and resident receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients, residents, and third-party payors. Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Property Tax Receivable and Revenues

Property tax receivable represents taxes certified by the County Commissioners of Larimer County to be collected in the next fiscal year. Taxes are assessed on January 1 and are due in one installment on April 30 or in two installments on February 28 and June 15 of each year. Revenue from property taxes is recognized in the year for which the taxes are levied.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

Noncurrent Cash and Investments

Noncurrent cash and investments includes unrestricted and undesignated investments, internally designated investments which are set aside by the Board of Directors for future capital improvements and debt retirement, over which the Board retains control and may at its discretion subsequently use for other purposes, and cash and investments restricted by donors. Investments are measured at fair value.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

Capital Assets

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in the depreciation and amortization in the financial statements. The estimated useful lives of capital assets are as follows:

Land improvements	8-40 years
Buildings and improvements	5-40 years
Equipment	3-25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from revenues in excess of expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Compensated Absences

The Medical Center's employees earn paid time-off (PTO) days for vacation and sick leave at varying rates depending on years of service. Employees may accumulate PTO up to a specified maximum. Employees are paid for accumulated PTO upon termination.

Estimated Health Claims Payable

The Medical Center provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statement of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase in net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflow of resources reported in the financial statements are unavailable property taxes. The property taxes will be recognized as revenue in the year in which the taxes are levied and become available.

Operating Revenues and Expenses

The Medical Center's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Medical Center result from exchange transactions associated with providing health care services - the Medical Center's principal activity, and the costs of providing those services, including depreciation and amortization and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Patient and Resident Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Colorado Healthcare Affordability and Sustainability Enterprise

The Medical Center participates in the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE), approved by the Centers for Medicare and Medicaid Services (CMS), under which all hospitals in the state are 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. The Medical Center paid approximately \$1,128,624 and \$1,244,571 in CHASE fees for the years ended December 31, 2021 and 2020, which were recorded in operating expenses. The Medical Center received approximately \$3,436,458 and \$3,738,921 of supplemental payments for the years ended December 31, 2021 and 2020, which are recorded as part of net patient service revenue.

Grants and Contributions

The Medical Center may receive grants as well as 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 expenses in excess of revenues.

Budgets

The Medical Center adopts an annual budget in accordance with Colorado Statutes. The budgeted revenue and expenditures are used by management as a control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

Note 2 - Net Patient Service Revenue

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

Acute Care Facility

Medicare – The Medical Center is licensed as a Critical Access Hospital (CAH). The Medical Center is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Medical Center's Medicare cost reports have been audited by the MAC through the year ended December 31, 2019. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid – Inpatient services and outpatient services after November 1, 2016 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. Outpatient services prior to November 1, 2016 related to Medicaid beneficiaries are paid at interim rates based on Medicaid cost-to-charge ratio. Retrospective settlements based on audited cost-to-charge ratios are made periodically.

Commercial—The Medical Center has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Long-Term Care

Resident service revenue was recorded at established billing rates that were determined on a cost-related basis subject to certain limitations as prescribed by Colorado Department of Human Services regulations. These rates are subject to retroactive adjustment by field audit. The Retirement Center participated in the Medicare program for which payment for services was made on a prospectively determined per diem rate, which varied, based on a case-mix adjusted patient classification system. The differences between actual charges and payments were accounted for as contractual adjustments.

Concentration of gross revenues by major payor accounted for the following percentages of the Medical Center’s patient service revenues for the years ended December 31, 2021 and 2020:

	2021	2020
Medicare	39%	39%
Medicaid	13%	14%
Other third-party payors	45%	43%
Self pay	3%	4%
	<u>100%</u>	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other 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. Net patient service revenue increased \$298,000 for the year ended December 31, 2021 and decreased approximately \$307,000 for the year ended December 31, 2020 due to the change in the allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

CMS Advance Payments

The CMS Advance Payments balance consists of advance payments received from the Centers for Medicare & Medicaid Services (CMS), in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The Medical Center received \$4,381,398 in advance payments during 2020, which will be recouped through the Medicare claims processed beginning 365 days after the date of issuance of each advance payment. This recoupment process will continue until the balance of the advance payments has been recouped or for 29 months from the date that each advance payment was issued, at which point any remaining unpaid balance is due. The advance payments balance is non-interest bearing through the 29-month repayment period. The remaining amount is expected to be recouped in the next 12 months and is included in current liabilities in the accompanying balance sheets.

Note 3 - Provider Relief Funds

The Medical Center received \$6,009,351 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines for incurring eligible expenses and lost revenues, varying based on the date the Medical Center received the funds. Unspent funds will be expected to be repaid.

These funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying statements of operations as all terms and conditions are considered met. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As of December 31, 2021 and 2020, the Medical Center had refundable advance balances of \$0 and \$5,370,111 which were included in current liabilities on the accompanying balance sheets.

Note 4 - Deposits and Investments

The carrying amounts of deposits and investments as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Carrying amount		
Cash and deposits	\$ 15,762,549	\$ 17,511,735
Long-term investments	<u>14,306,607</u>	<u>14,379,177</u>
Total	<u>\$ 30,069,156</u>	<u>\$ 31,890,912</u>

Deposits and investments are reported in the following statement of net position captions:

	<u>2021</u>	<u>2020</u>
Included in the following statement of financial position captions		
Cash and cash equivalents	\$ 11,842,577	\$ 8,225,705
Restricted cash	3,919,972	9,286,030
Long-term investments	<u>14,306,607</u>	<u>14,379,177</u>
Total	<u>\$ 30,069,156</u>	<u>\$ 31,890,912</u>

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure or investment company failure, the Medical Center's deposits may not be returned to it. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be 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 uninsured deposits. At December 31, 2021 and 2020, the Medical Center's deposits in banks were entirely covered by federal depository insurance and PDPA.

Investments

The Medical Center’s long-term investments are reported at fair value. At December 31, 2021 and 2020, the Medical Center’s investments consisted of the following:

Investment Type	Amount	Rating	Investment Maturities (in Years)		
			Less Than 1	1 - 5	6 - 10
Municipal Bonds	\$ 440,428	AAA	\$ -	\$ 440,428	\$ -
Government Securities	11,723,668	AA- to AA+	-	11,723,668	-
Corporate Bonds	2,142,511	AA- to AA+	707,049	1,435,462	-
	<u>\$ 14,306,607</u>		<u>\$ 707,049</u>	<u>\$ 13,599,558</u>	<u>\$ -</u>

Investment Type	Amount	Rating	Investment Maturities (in Years)		
			Less Than 1	1 - 5	6 - 10
Municipal Bonds	\$ 462,976	AAA	\$ -	\$ 462,976	\$ -
Government Securities	11,083,000	AA- to AA+	-	11,083,000	-
Corporate Bonds	2,833,201	AA- to AA+	717,639	2,115,562	-
	<u>\$ 14,379,177</u>		<u>\$ 717,639</u>	<u>\$ 13,661,538</u>	<u>\$ -</u>

The Medical Center uses fair value to measure investments. Cash and cash equivalents held for investment purposes is measured at cost. Government securities and Corporate bonds are considered Level 2, which are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Medical Center’s investment policy does not contain a provision that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State Statutes limits the investment in bonds, debentures or notes of any corporation to be rated “A” or higher by nationally recognized statistical rating organizations. As of December 31, 2021 and 2020, the Medical Center was compliant with State Statutes with regard to credit risk. The Medical Center has no investment policy that would further limit its investment options.

Park Hospital District dba Estes Park Health

Notes to Financial Statements

December 31, 2021 and 2020

Note 5 - Capital Assets

Capital asset additions, transfers, retirements, and balances for the year ended December 31, 2021 are as follows:

	Balance, December 31, 2020	Additions	Transfers and Disposals	Balance, December 31, 2021
Capital assets not being depreciated				
Land	\$ 513,973	\$ -	\$ -	\$ 513,973
Construction in progress	12,677	1,339,637	(615,625)	736,689
Total capital assets not being depreciated	<u>\$ 526,650</u>	<u>\$ 1,339,637</u>	<u>\$ (615,625)</u>	<u>\$ 1,250,662</u>
Capital assets being depreciated				
Land improvements	\$ 881,009	\$ -	\$ (35,824)	\$ 845,185
Building	43,071,694	-	(797,753)	42,273,941
Equipment and vehicles	11,833,788	5,802	238,825	12,078,415
	<u>55,786,491</u>	<u>\$ 5,802</u>	<u>\$ (594,752)</u>	<u>55,197,541</u>
Less accumulated depreciation for:				
Land improvements	(726,744)	\$ (29,219)	\$ 35,824	(720,139)
Building	(16,920,012)	(1,356,520)	793,061	(17,483,471)
Equipment and vehicles	(6,526,804)	(1,845,952)	323,564	(8,049,192)
Total accumulated depreciation	<u>(24,173,560)</u>	<u>\$ (3,231,691)</u>	<u>\$ 1,152,449</u>	<u>(26,252,802)</u>
Total capital assets being depreciated, net	<u>\$ 31,612,931</u>			<u>\$ 28,944,739</u>
Total capital assets, net	<u>\$ 32,139,581</u>			<u>\$ 30,195,401</u>

Park Hospital District dba Estes Park Health

Notes to Financial Statements

December 31, 2021 and 2020

Capital asset additions, transfers, retirements, and balances for the year ended December 31, 2020 are as follows:

	Balance, December 31, 2019	Additions	Transfers and Disposals	Balance, December 31, 2020
Capital assets not being depreciated				
Land	\$ 513,973	\$ -	\$ -	\$ 513,973
Construction in progress	818,374	3,543,176	(4,348,873)	12,677
Total capital assets not being depreciated	<u>\$ 1,332,347</u>	<u>\$ 3,543,176</u>	<u>\$ (4,348,873)</u>	<u>\$ 526,650</u>
Capital assets being depreciated				
Land improvements	\$ 881,009	\$ -	\$ -	\$ 881,009
Buildings and leasehold improvements	40,218,545	-	2,853,149	43,071,694
Equipment	13,135,596	-	(1,301,808)	11,833,788
Total capital assets being depreciated	<u>54,235,150</u>	<u>\$ -</u>	<u>\$ 1,551,341</u>	<u>55,786,491</u>
Less accumulated depreciation for:				
Land improvements	(694,649)	(32,095)	-	(726,744)
Building and leasehold improvements	(15,631,618)	(1,288,394)	-	(16,920,012)
Equipment	(7,494,770)	(1,829,566)	2,797,532	(6,526,804)
Total accumulated depreciation	<u>(23,821,037)</u>	<u>\$ (3,150,055)</u>	<u>\$ 2,797,532</u>	<u>(24,173,560)</u>
Total capital assets being depreciated, net	<u>\$ 30,414,113</u>			<u>\$ 31,612,931</u>
Total capital assets, net	<u>\$ 31,746,460</u>			<u>\$ 32,139,581</u>

Note 6 - Lease Obligations

The Medical Center leases certain equipment under noncancellable long-term lease agreements. These leases have been recorded as capitalized leases. The capitalized leased assets consist of:

	2021
Major movable equipment	\$ 157,873
Less accumulated amortization	<u>(51,363)</u>
	<u>\$ 106,510</u>

Park Hospital District dba Estes Park Health

Notes to Financial Statements

December 31, 2021 and 2020

Minimum future lease payments for the capital leases are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 51,186
2023	53,658
2024	56,252
2025	58,973
2026	<u>4,975</u>
Total minimum lease payments	225,044
Less interest	<u>(22,853)</u>
Present value of minimum lease payments	<u>\$ 202,191</u>

Note 7 - Paycheck Protection Program (PPP) Loan

The Medical Center was granted a \$4,800,000 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Medical Center initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Entity recognized \$4,800,000 of loan forgiveness income for the year ended December 31, 2021.

Note 8 - Long-Term Debt

A schedule of changes in the Medical Center's long-term debt for 2021 and 2020 is as follows:

	<u>Balance, December 31, 2020</u>	<u>Additions</u>	<u>Reductions or Payments</u>	<u>Balance, December 31, 2021</u>	<u>Due Within One Year</u>
Promissory Notes, Series 2016	\$ 12,400,000	\$ -	\$ (1,105,000)	\$ 11,295,000	\$ -
2020 Promissory Note	2,500,000	-	(179,016)	2,320,984	240,807
PPP Loan	<u>4,800,000</u>	<u>-</u>	<u>(4,800,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,700,000</u>	<u>\$ -</u>	<u>\$ (6,084,016)</u>	<u>\$ 13,615,984</u>	<u>\$ 240,807</u>
	<u>Balance, December 31, 2019</u>	<u>Additions</u>	<u>Reductions or Payments</u>	<u>Balance, December 31, 2020</u>	<u>Due Within One Year</u>
Promissory Notes, Series 2016	\$ 13,485,000	\$ -	\$ (1,085,000)	\$ 12,400,000	\$ -
2020 Promissory Note	-	2,500,000	-	2,500,000	178,114
PPP Loan	<u>-</u>	<u>4,800,000</u>	<u>-</u>	<u>4,800,000</u>	<u>4,800,000</u>
	<u>\$ 13,485,000</u>	<u>\$ 7,300,000</u>	<u>\$ (1,085,000)</u>	<u>\$ 19,700,000</u>	<u>\$ 4,978,114</u>

Line of Credit

The Medical Center entered into a line of credit agreement with a financial institution that provides for the available borrowings of \$3,000,000. The agreement matured in August 2021 and was not renewed. There were no amounts outstanding as of December 31, 2021 and 2020.

Promissory Notes, Series 2016

During 2016, the Medical Center refinanced its Limited Tax-Revenue Bonds Series 2006 (Bonds) with Promissory Notes, Series 2016 (Notes). The Notes bear interest of 1.85% and 2.90% with the interest being paid semiannually on each January 1 and July 1 and principal being due in varying annual installments through December 31, 2031. The Notes are secured by the Medical Center's pledged revenues. The Medical Center made principal payments due on January 1 of the subsequent year, thus there is no current portion of long-term debt shown in the financial statements.

2020 Promissory Note

The Medical Center has a note payable with a financial institution for \$2,500,000, the proceeds of which were used to fund the construction of the Urgent Care Clinic buildout. Beginning April 30, 2021, monthly payments of \$22,361 are due through maturity of March 30, 2031. Interest accrues at the Bank of Colorado Estes Park 12-month Public Funds Certificate of Deposit Rate plus 1% (1.01% and 1.10% as of December 31, 2021 and 2020, respectively). The promissory note is secured by a certificate of deposit held by the financial institution.

Restrictive Covenants

Under the terms of the 2016 and 2020 promissory notes, the Medical Center is required to maintain certain deposits with the lenders. Such deposits are included in restricted cash under debt agreement on the statement of net position. The promissory note agreements also require the Medical Center satisfy certain financial and nonfinancial covenants. The Medical Center was not in compliance with the debt-service coverage ratio requirement as of December 31, 2020 and received a waiver from the lender. The Medical Center was not in compliance with a nonfinancial requirement to provide audited financial statements within 180 days and received a waiver from the lender for 2021.

Scheduled debt service requirements for the Medical Center's long-term debt are as follows:

Year Ending December 31,	Long-Term Debt		Total
	Principal	Interest	
2022	\$ 240,807	328,767	\$ 569,574
2023	1,368,250	307,853	1,676,103
2024	1,385,719	282,219	1,667,938
2025	1,423,212	248,375	1,671,587
2026	1,460,730	213,316	1,674,046
2027-2031	7,737,266	2,095,895	9,833,161
Total	\$ 13,615,984	\$ 3,476,425	\$ 17,092,409

Note 9 - Pension Plan

The Medical Center has a defined contribution plan covering substantially all employees who meet age and hour requirements. Employer contributions to the plan are based on a percentage of eligible employee compensation for plan participants. Total pension expense for the years ended December 31, 2021, 2020, and 2019 was \$1,375,388, \$1,507,341 and \$1,430,030, respectively.

Note 10 - Concentrations

The Medical Center grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors, patients, and residents at December 31, 2021 and 2020 was as follows:

	2021	2020
Medicare	35%	28%
Medicaid	7%	7%
Blue Cross	9%	15%
Other third-party payors	20%	18%
Self pay	29%	32%
	100%	100%

Note 11 - Contingencies

COVID-19 Pandemic

During 2020 and 2021, the world-wide coronavirus pandemic impacted national and global economies. The Medical Center is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Medical Center is not known.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft or damage of assets; business interruptions; 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 claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Malpractice Insurance

The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigation, Claims, and Disputes

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Medical Center.

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. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.

Self-Funded Health Plan

The Medical Center is self-funded for health benefits for eligible employees and their dependents. The Medical Center, in connection with this plan, recognizes health benefit expenses on an accrual basis. An accrued liability is recorded at year-end, which estimates the incurred but not reported claims that will be paid by the Medical Center. The Medical Center has stop loss insurance to cover catastrophic claims in excess of \$75,000 per claim and an annual aggregate limit of \$4,438,841 for the plan year ended December 31, 2021.

The Medical Center expenses amounts representing the employer's portion of actual claims paid, adjusted for the estimates of liabilities relating to claims resulted from services provided prior to the fiscal year end not to exceed the annual aggregate expense. The estimated liability is included in accrued expenses in the financial statements. These amounts have been estimated based on historical trends and actuarial analysis.

Changes in the balance of claims liabilities during the past two years are as follows:

Year	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2021	\$ 300,000	\$ 3,343,322	\$ (3,266,873)	\$ 376,449
2020	300,000	3,640,373	(3,640,373)	300,000

Paycheck Protection Program (PPP) Loan Review

The Medical Center applied for and received loan forgiveness from the SBA on its PPP loan in 2021. In accordance PPP loan requirements, the Medical Center is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Medical Center is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on this review.

Note 12 - Restatement

During the year ended December 31, 2021, it was determined that the previously issued financial statements contained an error as of December 31, 2020 related to the reporting of revenue from a cost reimbursement grant.

The following is a summary of the effects of the correction of the error in the Medical Center's December 31, 2020 statement of net position:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
As of December 31, 2020			
Property Taxes and other	\$ 3,260,914	\$ 500,000	\$ 3,760,914
Total current assets	29,395,515	500,000	29,895,515
Total assets	75,914,273	500,000	76,414,273
Unrestricted net position	17,730,552	500,000	18,230,552
Total net position	38,886,052	500,000	39,386,052
Total liabilities, deferred inflows of resources and net position	75,914,273	500,000	76,414,273

The following is a summary of the effects of the correction of the error in the Medical Center's December 31, 2020 statement of revenues, expenses, and changes in net position:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
Year ended December 31, 2020			
Noncapital contributions and grants	\$ 26,206	\$ 500,000	\$ 526,206
Total nonoperating revenues, net	3,073,471	500,000	3,573,471
Revenues in Excess of (Less Than) Expenses Before Capital Contributions	(4,012,349)	500,000	(3,512,349)
Decrease in net position	(3,488,579)	500,000	(2,988,579)
Net position, end of year	38,886,052	500,000	39,386,052



Supplementary Information
December 31, 2021 and 2020

**Park Hospital District dba Estes Park
Health**

Park Hospital District dba Estes Park Health
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2021

	Budget	Actual	Variance Favorable/ (Unfavorable)
Operating Revenue			
Net patient and resident service revenue	\$ 49,146,913	\$ 51,186,829	\$ 2,039,916
Other revenue	469,650	662,751	193,101
Total operating revenue	<u>49,616,563</u>	<u>51,849,580</u>	<u>2,233,017</u>
Nonoperating Revenues (Expense)			
Property tax revenues	3,200,000	3,284,513	84,513
Interest expense	(396,000)	(416,164)	20,164
Capital contributions	300,000	175,914	124,086
Noncapital contributions and grants	100,000	57,866	(42,134)
Loss on disposal of capital assets	(10,000)	(49,750)	(39,750)
Investment income (loss)	88,500	(93,819)	(182,319)
Other	240,100	811,556	571,456
PPP loan forgiveness	-	4,800,000	4,800,000
Provider Relief Funds	-	6,009,351	6,009,351
Total nonoperating revenue (expense), net	<u>3,522,600</u>	<u>14,579,467</u>	<u>11,345,367</u>
Total revenues	<u>\$ 53,139,163</u>	<u>\$ 66,429,047</u>	<u>\$ 13,578,384</u>
Expenses			
Salaries, wages, and employee benefits	\$ 31,041,134	\$ 29,257,903	\$ 1,783,231
Supplies and other	9,914,362	10,794,196	(879,834)
Professional fees and purchased services	9,685,791	13,428,647	(3,742,856)
Depreciation and amortization	3,147,937	3,231,689	(83,752)
Total expenses	<u>53,789,224</u>	<u>56,712,435</u>	<u>(2,923,211)</u>
Debt Retirement			
Principal paid	-	1,284,016	1,284,016
Total expenditures	<u>\$ 53,789,224</u>	<u>\$ 57,996,451</u>	<u>\$ (1,639,195)</u>

Notes to Schedule:

Annual budgets are adopted as required by Colorado Statute. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

Appropriations are adopted by resolutions in total. For the year ended December 31, 2021, there were no additional resolutions for supplementary budget and appropriation.

Management believes that the Medical Center is compliant with the rules of Colorado's Taxpayer's Bill of Rights (TABOR).



Independent Auditor's 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

The Board of Directors
Park Hospital District dba Estes Park Health
Estes Park, 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 Park Hospital District dba Estes Park Health (the Medical Center) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Park Hospital District dba Estes Park Health's basic financial statements and the statements of financial position and related statements of activities of its discretely presented component unit, the Estes Park Medical Center Foundation dba Estes Park Health Foundation, and have issued our report thereon dated September 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Medical Center'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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center's financial statements are free from 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*.

The Medical Center's Response to Finding

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

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 results of that testing, and not to provide an opinion on the effectiveness of the Medical Center'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 Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
September 21, 2022



**Independent Auditor’s Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

To the Board of Directors
Park Hospital District dba Estes Park Health
Estes Park, Colorado

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited, Park Hospital District dba Estes Park Health’s (the Medical Center) 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 the Medical Center’s major federal program for the year ended December 31, 2021. The Medical Center’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Medical Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

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 (*Government Auditing Standards*); 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Medical Center 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 the major federal program. Our audit does not provide a legal determination of the Medical Center’s compliance with the compliance requirements referred to above.

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 Medical Center's federal program.

Auditor's 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 Medical Center'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 Medical Center's compliance with the requirements of its 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 Medical Center'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 Medical Center'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 Medical Center's internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

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 Medical Center's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Medical Center'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Medical Center as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Estes Park Health's basic financial statements and the statements of financial position and related statements of activities of its discretely presented component unit, the Estes Park Medical Center Foundation dba Estes Park Health Foundation. We issued our report thereon dated September 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Eric Bailey LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
September 21, 2022

Park Hospital District dba Estes Park Health
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Department of Health and Human Services COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	N/A	<u>\$ 5,376,071</u>
Total Federal Financial Assistance			<u><u>\$ 5,376,071</u></u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Park Hospital District dba Park Hospital District dba Estes Park Health (the Medical Center) under programs of the federal government for the year ended December 31, 2021. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Medical Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Medical Center.

Note 2 – Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 – Indirect Cost Rate

The Medical Center has not elected to use the 10% de minimis cost rate.

Note 4 – Provider Relief Fund and American Rescue Plan Rural Distribution

The Medical Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the year ended December 31, 2020 totaling \$5,376,071. In accordance with the 2021 compliance supplement, the PRF expenditures were not recognized on the schedule until the expenditures were included in the reporting for Period 1 and Period 2 to HHS for the calendar year ended December 31, 2021, as required under the PRF program. This resulted in \$5,376,071 being recognized in the schedule for the year ended December 31, 2021.

Park Hospital District dba Estes Park Health
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

The following summarizes the Provider Relief Funds and the timing of when the amounts were recognized in the financial statements:

Federal Department/Program Title/Grant Name	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Amounts Recognized in Accordance with GAAP for the Year Ended December 31, 2021</u>
Department of Health and Human Services Health Resources and Services Administration		
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Period 1	93.498	\$ 5,284,602
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Period 2	93.498	<u>91,469</u>
Total COVID-19 Provider Relief Funds and American Rescue Plan (ARP) Rural Distribution		<u>\$ 5,376,071</u>

The amount of PRF expenditures included in the schedule requires management to make estimates and assumptions that affect the reporting amounts. Accordingly, such expenditures are considered a significant estimate. Estimates and assumptions may include reducing actual expenses by amounts that have been reimbursed, or are obligated to be reimbursed by other sources, and estimating marginal increases in expenses related to Coronavirus. Actual amounts could differ from those estimates.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiency identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiency identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2021-001 Preparation of Financial Statements and Material Audit Adjustments
Material Weakness in Internal Control over Financial Reporting**

Criteria – A properly designed system of internal control over financial reporting includes preparation of an entity’s financial statements and accompanying notes by internal personnel of the entity as well as having an adequate system for recording and processing adjusting journal entries material to the financial statements. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S generally accepted accounting principles (GAAP).

Condition – Due to employee turnover, the Medical Center did not have a consistent internal control system designed to provide for the preparation of financial statements being audited, including related disclosures and preparation of the cash flow statement in accordance with GAAP. As part of our audit, we proposed significant audit adjustments, including a restatement to the prior financial statements that were not detected by management.

Cause – This deficiency is partially due to the limited resources in the financial reporting process due to employee turnover. Furthermore, management has elected to have the financial statements and footnotes prepared by the auditors as part of the audit, which were then reviewed by management. The proposed audit adjustments are due to management turnover and lacking consistent reconciliation procedures which would detect and allow for the correction of these errors.

Effect – This control deficiency resulted in misstatements to the financial statements and could result in required information being omitted from the financial statements. Furthermore, it is possible that new standards may not be adopted and applied timely to the interim financial reporting.

Recommendation – We recommend that management continue reviewing operating procedures, including month-end and year-end closing procedures, in order to obtain the maximum internal control over financial reporting possible under the circumstances to enable staff to reconcile and record the necessary adjustments prior to the audit.

Views of Responsible Officials – Management accepts the risk associated with assistance with the preparation of the audited financial statements by the independent auditor. Due to cost constraints, management will continue to have the auditors draft the financial statements and accompanying notes to the financial statements. Management will identify the necessary journal entries and develop a process to record entries accurately and timely.

Section III – Federal Award Findings and Questioned Costs

2021-002 **Department of Health and Human Services**
Federal Financial Assistance Listing/CFDA #93.498
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution
Applicable Federal Award Number and Year – Period 1 TIN #840601621

Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.

Condition: The Medical Center's special reports submitted to the Department of Health and Human Services for Period 1 and Period 2 were not reviewed and approved by a separate individual outside of the preparer. We noted no errors in testing.

Cause: There was no documentation a separate review and approval of the Period 1 and Period 2 reports was completed prior to submission to the Department of Health and Human Services.

Effect: Without a secondary review and approval, there is a possibility that ineligible expenditures may be claimed under the program and the report may not be accurately completed.

Questioned Costs: None reported.

Context/Sampling: Key line items were tested on the Period 1 and Period 2 special reports submitted to the Department of Health and Human Services.

Repeat Finding from Prior Year: No

Recommendation – We recommend that management implement processes to ensure review and approval of future reports.

Views of Responsible Officials – Management agrees and will ensure future reports are reviewed by an individual separate from the preparer.

ESTES PARK HEALTH JUNE, 2022 FINANCIAL HIGHLIGHTS

Net patient service revenue is over budget for the month of June by \$311,812 and under budget for the six months ended June 30th by \$937,327. Included in both of these amounts is an accrual for about \$600,000 related to the Medicare payment, received in September, to catch up our payment rates for the first six months of 2022.

Contractuals and other write offs for June are under budget by \$368,042 and over budget by \$261,067 for the first six months. This is net of the approximate \$600,000 noted in the last sentence of the prior item.

Operating expenses are over budget by \$1,183,088 for June 2022 and \$482,253 for the first six months. A good portion of the June variance is the partial catch up of old invoices as the new accounts payable person started in early July.

The common theme of negative contract labor (included in professional fees and purchased services) variances continues in June. We're \$632,072 over budget for the month of June and \$1,639,528 over budget for the first six months of 2022. For the first six months of 2022, we're \$2,602,297 higher than the first six months of 2021.

The largest variance in the June 2022 supplies is about \$195,000 related to bacteriology expense in lab. New rapid sepsis blood culture test kits and expensive molecular test kits were ordered.

The negative variance of \$101,564 in other expenses for June 2022 is primarily recruitment expenses.

The operating loss of the month of June 2022 is \$779,206 or \$891,252 over budget. The year to date operating loss is \$7,829,733 or \$1,537,126 over budget.

The investment income is a negative (unrealized losses) \$637,501 for the month of June 2022. The last time investments were adjusted was December 31, 2021. This results in an unrealized loss of about 4% for the first six months of 2022. This is also the primary reason for the decrease in investments on the balance sheet in June 2022.

The \$754,792 budgeted other nonoperating revenue in June 2022 is a partial recognition of the 2022 budgeted Federal grants.

On the balance sheet, the large increase in accounts payable is the partial catch up of old invoices as noted in the operating expense section above.

DAYS CASH ON HAND AT 06.30.22 **139 days**

ADJUSTED DAYS CASH ON HAND AT JUNE 30, 2022

(adding in \$2,200,000 unusual items—cost report

settlement, Medicare lump sum adjustment

and Foundation money for MRI)

151 days

ESTES PARK HEALTH
Balance Sheet (Unaudited) Statements of Net Position
June 30, 2022

Row		2022 June		2022 May		2021 Dec			2021 June		
5.00		Actual	Actual	2022 Jun minus 2022 May	((2022 Jun) - (2022 May)) ÷ ABS(2022 May)	Actual	2022 Jun minus 2021 Dec	((2022 Jun) - (2021 Dec)) ÷ ABS(2021 Dec)	Actual	2022 Jun minus 2021 Jun	((2022 Jun) - (2021 Jun)) ÷ ABS(2021 Jun)
6.00	ASSETS										
7.00	CURRENT ASSETS										
8.00	Cash and Cash Equivalents	5,232,959	6,499,740	(1,266,781)	(19.5%)	11,911,938	(6,678,979)	(56.1%)	16,087,985	(10,855,026)	(67.5%)
9.00	Restricted Cash Under Debt Agreements	3,920,597	3,920,503	94	0.0%	3,919,973	624	0.0%	3,919,204	1,393	0.0%
10.00	Receivables				no ÷ 0						
11.00	Patient and Resident, Net of Estimated Uncollectables of										
12.00	approximately \$5,800,000 in 2022 and \$5,200,000 in 2021	7,262,666	6,526,134	736,532	11.3%	6,998,063	264,603	3.8%	5,967,063	1,295,603	21.7%
13.00	Property Taxes and Other	2,279,535	2,542,438	(262,903)	(10.3%)	3,277,023	(997,488)	(30.4%)	2,437,930	(158,395)	(6.5%)
14.00	Estimated Third-Party Payor Settlements	-	-	-	no ÷ 0	-	-	no ÷ 0	593,796	(593,796)	(100.0%)
15.00	Supplies	1,369,361	1,361,162	8,199	0.6%	1,371,691	(2,330)	(0.2%)	1,290,772	78,589	6.1%
16.00	Prepaid Expenses	512,578	284,260	228,318	80.3%	511,097	1,481	0.3%	396,853	115,725	29.2%
17.00	TOTAL CURRENT ASSETS (Sum Rows 10, 11, 13, 14, 15, 16, 17)	20,577,696	21,134,237	(556,541)	(2.6%)	27,989,785	(7,412,089)	(26.5%)	30,693,603	(10,115,907)	(33.0%)
18.00	LONG-TERM ASSETS										
19.00	Investments	13,630,651	14,237,246	(606,595)	(4.3%)	14,237,246	(606,595)	(4.3%)	11,910,829	1,719,822	14.4%
20.00	Capital Assets										
21.00	Capital Assets Not Being Depreciated	1,967,698	1,815,076	152,622	8.4%	973,740	993,958	102.1%	570,083	1,397,615	245.2%
22.00	Depreciable Capital Assets, Net of Accumulated Depreciation	28,713,110	28,997,919	(284,809)	(1.0%)	28,944,738	(231,628)	(0.8%)	30,321,103	(1,607,993)	(5.3%)
23.00	Total Capital Assets, Net	30,680,808	30,812,995	(132,187)	(0.4%)	29,918,478	762,330		30,891,186	(210,378)	
24.00	Long Term Prepaid Lease				no ÷ 0						
25.00	TOTAL LONG-TERM ASSETS	44,311,459	45,050,241	(738,782)	(1.6%)	44,155,724	155,735	0.4%	42,802,015	1,509,444	3.5%
26.00	TOTAL ASSETS (Sum Rows 18, 27)	64,889,155	66,184,478	(1,295,323)	(2.0%)	72,145,509	(7,256,354)	(10.1%)	73,495,618	(8,606,463)	(11.7%)
27.00	LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
28.00	CURRENT LIABILITIES										
29.00	Current Portion of Long-Term Debt	290,284	290,284	-	0.0%	290,284	-	0.0%	1,326,307	(1,036,023)	(78.1%)
30.00	Accounts Payable	3,304,010	2,505,121	798,889	31.9%	2,335,157	968,853	41.5%	1,289,537	2,014,473	156.2%
31.00	Estimated Third-Party Payor Settlements	118,198	723,550	(605,352)	(83.7%)	830,464			118,198	no ÷ 0	
32.00	Deferred Revenue	1,595,236	2,006,882	(411,646)	(20.5%)	3,321,920	(1,726,684)	(52.0%)	9,314,891	(7,719,655)	(82.9%)
33.00	Accrued Expenses				no ÷ 0						
34.00	Salaries, Wages, and Related Liabilities	1,996,482	1,751,026	245,456	14.0%	1,182,177	814,305	68.9%	2,193,965	(197,483)	(9.0%)
35.00	Compensated Absences	983,402	1,003,857	(20,455)	(2.0%)	888,439	94,963	10.7%	920,205	63,197	6.9%
36.00	Other	54,495	186,466	(131,971)	(70.8%)	54,800	(305)	(0.6%)	55,255	(760)	(1.4%)
37.00	TOTAL CURRENT LIABILITIES	8,342,107	8,467,186	(125,079)	(1.5%)	8,903,241	(561,134)	(6.3%)	15,100,161	(6,758,054)	(44.8%)
38.00	LONG-TERM LIABILITIES										
39.00	Long-Term Debt, Net of Current Portion	13,403,569	13,433,903	(30,334)	(0.2%)	13,550,746	(147,177)	(1.1%)	13,763,964	(360,395)	(2.6%)
40.00	Long-Term Portion of Accounts Payable				no ÷ 0				308,349	(308,349)	(100.0%)
41.00	TOTAL LONG-TERM LIABILITIES	13,403,569	13,433,903	(30,334)	(0.2%)	13,550,746	(147,177)	(1.1%)	14,072,313	(668,744)	(4.8%)
42.00	TOTAL LIABILITIES (Sum Row 38, 43)	21,745,676	21,901,089	(155,413)	(0.7%)	22,453,987	(708,311)	(3.2%)	29,172,474	(7,426,798)	(25.5%)
43.00	DEFERRED INFLOWS OF RESOURCES - PROPERTY TAXES	3,115,979	3,115,979	-	0.0%	3,115,979	-	0.0%	3,115,979	-	0.0%
44.00	NET POSITION										
45.00	Net Investment in Capital Assets	16,732,870	17,088,808	(355,938)	(2.1%)	16,077,448	655,422	4.1%	17,239,581	(506,711)	(2.9%)
46.00	Restricted, Expendable	3,920,597	3,920,503	94	0.0%	3,919,973	624	0.0%	3,919,204	1,393	0.0%
47.00	Unrestricted	19,374,033	20,011,910	(637,877)	(3.2%)	26,578,123	(7,204,090)	(27.1%)	20,048,380	(674,347)	(3.4%)
48.00	TOTAL NET POSITION	40,027,500	41,021,221	(993,721)	(2.4%)	46,575,544	(6,548,044)	(14.1%)	41,207,165	(1,179,665)	(2.9%)
49.00	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	64,889,155	66,038,289	(1,149,134)	(1.7%)	72,145,509	(7,256,354)	(10.1%)	73,495,618	(8,606,463)	(11.7%)

ESTES PARK HEALTH
Balance Sheet (Unaudited) Statements of Net Position
June 30, 2022

Row		2022 June		2022 May		2021 Dec			2021 June		
5.00		Actual	Actual	2022 Jun minus 2022 May	((2022 Jun) - (2022 May)) + ABS(2022 May)	Actual	2022 Jun minus 2021 Dec	((2022 Jun) - (2021 Dec)) + ABS(2021 Dec)	Actual	2022 Jun minus 2021 Jun	((2022 Jun) - (2021 Jun)) + ABS(2021 Jun)
6.00											
7.00	ASSETS										
8.00											
9.00	CURRENT ASSETS										
10.00	Cash and Cash Equivalents	5,232,959	6,499,740	(1,266,781)	(19.5%)	11,911,938	(6,678,979)	(56.1%)	16,087,985	(10,855,026)	(67.5%)
11.00	Restricted Cash Under Debt Agreements	3,920,597	3,920,503	94	0.0%	3,919,973	624	0.0%	3,919,204	1,393	0.0%
12.00	Receivables			-	no ÷ 0						
	Patient and Resident, Net of Estimated Uncollectables of approximately \$5,800,000 in 2022 and \$5,200,000 in 2021	7,262,666	6,526,134	736,532	11.3%	6,998,063	264,603	3.8%	5,967,063	1,295,603	21.7%
13.00	Property Taxes and Other	2,279,535	2,542,438	(262,903)	(10.3%)	3,277,023	(997,488)	(30.4%)	2,437,930	(158,395)	(6.5%)
14.00	Estimated Third-Party Payor Settlements	-	-	-	no ÷ 0	-	-	no ÷ 0	593,796	(593,796)	(100.0%)
15.00	Supplies	1,369,361	1,361,162	8,199	0.6%	1,371,691	(2,330)	(0.2%)	1,290,772	78,589	6.1%
16.00	Prepaid Expenses	512,578	284,260	228,318	80.3%	511,097	1,481	0.3%	396,853	115,725	29.2%
17.00	TOTAL CURRENT ASSETS (Sum Rows 10, 11, 13, 14, 15, 16, 17)	20,577,696	21,134,237	(556,541)	(2.6%)	27,989,785	(7,412,089)	(26.5%)	30,693,603	(10,115,907)	(33.0%)
18.00											
19.00											
20.00	LONG-TERM ASSETS										
21.00	Investments	13,630,651	14,237,246	(606,595)	(4.3%)	14,237,246	(606,595)	(4.3%)	11,910,829	1,719,822	14.4%
22.00	Capital Assets										
23.00	Capital Assets Not Being Depreciated	1,967,698	1,815,076	152,622	8.4%	973,740	993,958	102.1%	570,083	1,397,615	245.2%
	Depreciable Capital Assets, Net of Accumulated Depreciation	28,713,110	28,997,919	(284,809)	(1.0%)	28,944,738	(231,628)	(0.8%)	30,321,103	(1,607,993)	(5.3%)
24.00	Total Capital Assets, Net	30,680,808	30,812,995	(132,187)	(0.4%)	29,918,478	762,330		30,891,186	(210,378)	
25.00	Long Term Prepaid Lease				no ÷ 0						
26.00	TOTAL LONG-TERM ASSETS	44,311,459	45,050,241	(738,782)	(1.6%)	44,155,724	155,735	0.4%	42,802,015	1,509,444	3.5%
27.00											
28.00											
29.00	TOTAL ASSETS (Sum Rows 18, 27)	64,889,155	66,184,478	(1,295,323)	(2.0%)	72,145,509	(7,256,354)	(10.1%)	73,495,618	(8,606,463)	(11.7%)
30.00											
31.00	LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
32.00											
33.00	CURRENT LIABILITIES										
34.00	Current Portion of Long-Term Debt	290,284	290,284	-	0.0%	290,284	-	0.0%	1,326,307	(1,036,023)	(78.1%)
35.00	Accounts Payable	3,304,010	2,505,121	798,889	31.9%	2,335,157	968,853	41.5%	1,289,537	2,014,473	156.2%
36.00	Estimated Third-Party Payor Settlements	118,198	723,550	(605,352)	(83.7%)	830,464			118,198	no ÷ 0	
37.00	Deferred Revenue	1,595,236	2,006,882	(411,646)	(20.5%)	3,321,920	(1,726,684)	(52.0%)	9,314,891	(7,719,655)	(82.9%)
38.00	Accrued Expenses				no ÷ 0						
39.00	Salaries, Wages, and Related Liabilities	1,996,482	1,751,026	245,456	14.0%	1,182,177	814,305	68.9%	2,193,965	(197,483)	(9.0%)
40.00	Compensated Absences	983,402	1,003,857	(20,455)	(2.0%)	888,439	94,963	10.7%	920,205	63,197	6.9%
41.00	Other	54,495	186,466	(131,971)	(70.8%)	54,800	(305)	(0.6%)	55,255	(760)	(1.4%)
42.00	TOTAL CURRENT LIABILITIES	8,342,107	8,467,186	(125,079)	(1.5%)	8,903,241	(561,134)	(6.3%)	15,100,161	(6,758,054)	(44.8%)
43.00											
44.00	LONG-TERM LIABILITIES										
45.00	Long-Term Debt, Net of Current Portion	13,403,569	13,433,903	(30,334)	(0.2%)	13,550,746	(147,177)	(1.1%)	13,763,964	(360,395)	(2.6%)
46.00	Long-Term Portion of Accounts Payable	-	-	-	no ÷ 0	-	-	no ÷ 0	308,349	(308,349)	(100.0%)
47.00	TOTAL LONG-TERM LIABILITIES	13,403,569	13,433,903	(30,334)	(0.2%)	13,550,746	(147,177)	(1.1%)	14,072,313	(668,744)	(4.8%)
48.00											
49.00	TOTAL LIABILITIES (Sum Row 38, 43)	21,745,676	21,901,089	(155,413)	(0.7%)	22,453,987	(708,311)	(3.2%)	29,172,474	(7,426,798)	(25.5%)
50.00											
51.00	DEFERRED INFLOWS OF RESOURCES - PROPERTY TAXES	3,115,979	3,115,979	-	0.0%	3,115,979	-	0.0%	3,115,979	-	0.0%
52.00											
53.00	NET POSITION										
54.00	Net Investment in Capital Assets	16,732,870	17,088,808	(355,938)	(2.1%)	16,077,448	655,422	4.1%	17,239,581	(506,711)	(2.9%)
55.00	Restricted, Expendable	3,920,597	3,920,503	94	0.0%	3,919,973	624	0.0%	3,919,204	1,393	0.0%
56.00	Unrestricted	19,374,033	20,011,910	(637,877)	(3.2%)	26,578,123	(7,204,090)	(27.1%)	20,048,380	(674,347)	(3.4%)
57.00	TOTAL NET POSITION	40,027,500	41,021,221	(993,721)	(2.4%)	46,575,544	(6,548,044)	(14.1%)	41,207,165	(1,179,665)	(2.9%)
58.00											
59.00	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	64,889,155	66,038,289	(1,149,134)	(1.7%)	72,145,509	(7,256,354)	(10.1%)	73,495,618	(8,606,463)	(11.7%)

ESTES PARK HEALTH
Statement of Revenues, Expenses, and Changes in Net Position (Unaudited)
Six Months Ending June 30, 2022

Row	MONTH June 2022				2022 YEAR TO DATE Jan through Jun				2021 YEAR TO DATE Jan through Jun			2020 YEAR TO DATE Jan through Jun			
	Actual (A)	Budget (B)	Actual - Budget	Percent (A-B)÷ABS(B)	Actual (A)	Budget (B)	Actual - Budget	Percent (A-B)÷ABS(B)	2021 Actual	2022 Actual - 2021 Actual	Percent (21-20)÷ABS(20)	2020 Actual	2022 Actual - 2020 Actual	Percent (21-19)÷ABS(19)	
8	OPERATING INCOME														
10	OPERATING REVENUES														
12	Charges for Patient Services														
13	Inpatient	892,510	1,051,415	(158,905)	(15.1%)	4,514,009	5,801,457	(1,287,448)	(22.2%)	5,170,666	(656,657)	(12.7%)	5,603,975	(1,089,966)	(19.4%)
14	Outpatient	8,155,528	8,052,853	102,675	1.3%	38,999,327	38,388,189	611,138	1.6%	37,538,408	1,460,919	3.9%	31,331,743	7,667,584	24.5%
15	Total Charges for Patient Services	9,048,038	9,104,268	(56,230)	(0.6%)	43,513,336	44,189,646	(676,310)	(1.5%)	42,709,074	804,262	1.9%	36,935,718	6,577,618	17.8%
18	Deductions from Charges for Patient Services														
19	Contracts (Medicare, Medicaid, Commercial)	(3,567,340)	(3,960,357)	393,017	9.9%	(19,294,917)	(19,222,494)	(72,423)	(0.4%)	(19,202,254)	(92,663)	(0.5%)	(16,132,160)	(3,162,757)	(19.6%)
20	Charity, Bad Debt, Uncompensated	(184,300)	(159,325)	(24,975)	(15.7%)	(961,914)	(773,320)	(188,594)	(24.4%)	(827,845)	(134,069)	(16.2%)	(568,733)	(393,181)	(69.1%)
21	Total Deductions from Charges for Patient Services	(3,751,640)	(4,119,682)	368,042	8.9%	(20,256,831)	(19,995,814)	(261,017)	(1.3%)	(20,030,099)	(226,732)	(1.1%)	(16,700,893)	(3,555,938)	(21.3%)
22	Net Patient and Resident Service Revenues, Net	5,296,398	4,984,586	311,812	6.3%	23,256,505	24,193,832	(937,327)	(3.9%)	22,678,975	577,530	2.5%	20,234,825	3,021,680	14.9%
23	<i>Net Patient Income / Total Charges for Patient Services as a Pct</i>	<i>58.5%</i>	<i>54.7%</i>			<i>53.4%</i>	<i>54.8%</i>								
25	Other Operating Revenues	21,774	41,750	(19,976)	(47.8%)	197,954	315,500	(117,546)	(37.3%)	397,334	(199,380)	(50.2%)	234,543	(36,589)	(15.6%)
27	Total Operating Revenues (Row 22 + Row 25)	5,318,172	5,026,336	291,836	5.8%	23,454,459	24,509,332	(1,054,873)	(4.3%)	23,076,309	378,150	1.6%	20,469,368	2,985,091	14.6%
29	Operating Expenses														
30	Salaries and Wages	2,078,849	2,048,678	30,171	1.5%	11,853,487	12,819,320	(965,833)	(7.5%)	11,536,549	316,938	2.7%	12,147,638	(294,151)	(2.4%)
31	Employee Benefits	467,136	560,491	(93,355)	(16.7%)	2,958,770	3,445,410	(486,640)	(14.1%)	3,098,755	(139,985)	(4.5%)	3,360,026	(401,256)	(11.9%)
32	Professional Fees and Purchased Services	1,971,798	1,111,387	860,411	77.4%	9,005,055	7,216,620	1,788,435	24.8%	6,240,455	2,764,600	44.3%	5,999,537	3,005,518	50.1%
33	Supplies	715,139	503,733	211,406	42.0%	2,871,148	3,010,439	(139,291)	(4.6%)	2,558,128	313,020	12.2%	2,854,530	16,618	0.6%
34	Utilities	120,106	51,595	68,511	132.8%	387,533	310,820	76,713	24.7%	333,286	54,247	16.3%	274,005	113,528	41.4%
35	Leases and Rentals	85,232	112,924	(27,692)	(24.5%)	592,743	708,818	(116,075)	(16.4%)	496,183	96,560	19.5%	293,054	299,689	102.3%
36	Insurance	37,434	29,130	8,304	28.5%	191,958	166,985	24,973	15.0%	168,673	23,285	13.8%	184,098	7,860	4.3%
37	Repairs and Maintenance	21,361	11,470	9,891	86.2%	85,040	64,800	20,240	31.2%	52,659	32,381	61.5%	107,140	(22,100)	(20.6%)
38	Depreciation	284,809	270,932	13,877	5.1%	1,637,802	1,628,900	8,902	0.5%	1,615,987	21,815	1.3%	1,523,433	114,369	7.5%
39	Other	315,514	213,950	101,564	47.5%	1,700,656	1,429,827	270,829	18.9%	1,409,743	290,913	20.6%	1,204,816	495,840	41.2%
40	Total Operating Expenses (Sum of Rows 30 to 39)	6,097,378	4,914,290	1,183,088	24.1%	31,284,192	30,801,939	482,253	1.6%	27,510,418	3,773,774	13.7%	27,948,277	3,335,915	11.9%
42	TOTAL OPERATING INCOME (LOSS) (Row 27 minus Row 40)	(779,206)	112,046	(891,252)	(795.4%)	(7,829,733)	(6,292,607)	(1,537,126)	(24.4%)	(4,434,109)	(3,395,624)	(76.6%)	(7,478,909)	(350,824)	(4.7%)
43	<i>Operating Margin = Total Operating Income (Loss) ÷ Total Operating Revenues</i>														
44	NONOPERATING REVENUES (EXPENSES)														
46	Property Tax Revenues	291,625	291,625	-	0.0%	1,758,709	1,749,750	8,959	0.5%	1,568,799	189,910	12.1%	1,511,864	246,845	16.3%
47	Interest Expense	(32,036)	(33,550)	1,514	4.5%	(191,737)	(201,300)	9,563	4.8%	(215,418)	23,681	11.0%	(211,198)	19,461	9.2%
48	Investment Income	(637,501)	11,292	(648,793)	(5745.6%)	(633,510)	27,750	(661,260)	(2382.9%)	(1,842)	(631,668)	(34292.5%)	77,760	(711,270)	(914.7%)
49	Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
50	Noncapital Grants and Contributions	17,207	50,000	(32,793)	(65.6%)	17,207	50,000	(32,793)	(65.6%)	24,735	(7,528)	(30.4%)	7,731	9,476	122.6%
51	Other	-	754,792	(754,792)	(100.0%)	331,020	753,752	(422,732)	(56.1%)	5,323,060	(4,992,040)	(93.8%)	75,207	255,813	340.1%
52	TOTAL NONOPERATING REVENUES, NET (Sum of Rows 46 to 51)	(360,705)	1,074,159	(1,434,864)	(133.6%)	1,281,689	2,379,952	(1,098,263)	(46.1%)	6,699,334	(5,417,645)	(80.9%)	1,461,364	(179,675)	(12.3%)
54	DEFICIT OF REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS	(1,139,911)	1,186,205	(2,326,116)	(196.1%)	(6,548,044)	(3,912,655)	(2,635,389)	(67.4%)	2,265,225	(8,813,269)	(389.1%)	(6,017,545)	(530,499)	(8.8%)
56	Capital Contributions	-	-	-	-	-	-	-	-	55,888	55,888	(100.0%)	132,905	(132,905)	(100.0%)
58	NET POSITION INCREASE (DECREASE) (Row 54 + Row 56)	(1,139,911)	1,186,205	(2,326,116)	(196.1%)	(6,548,044)	(3,912,655)	(2,635,389)	(67.4%)	2,321,113	(8,869,157)	(382.1%)	(5,884,640)	(663,404)	(11.3%)
59	<i>Total Margin = Net Position ÷ Total Operating Revenues</i>														
60		(21.4%)	23.6%			(27.9%)	(16.0%)								
61	Net Position - Beginning of Period	41,167,411				46,575,544				38,886,052			42,374,631		
62	NET POSITION - END OF PERIOD	40,027,500				40,027,500				41,207,165			36,489,991		

PARK HOSPITAL DISTRICT
Estes Park Health

Statistical information

	June, 2022 actual	June, 2022 budget	Six months ended June, 2022 actual	Six months ended June, 2022 budget	Six months ended June, 2021 actual
Medical/surgical patient days	104	86	439	460	451
Swing bed patient days	5	30	168	130	109
Observation days	59	54	289	244	238
Obstetric days	5	6	31	44	53
New born days	4	6	26	44	41
Total patient days	<u>177</u>	<u>182</u>	<u>953</u>	<u>922</u>	<u>892</u>
Number of births	4	3	18	22	23
Total surgeries	34	55	152	255	242
Emergency room visits	622	646	2,493	2,253	2,291
Urgent Care visits	833	450	2,175	1082	938
Clinic visits	2,056	2,100	10,080	11,160	10,683
Diagnostic imaging tests	1162	1,341	5,506	5,651	5,450
Lab tests	7,029	7,019	37,154	36,984	36,403
Rehab visits	878	800	4,480	4,244	4,177
Ambulance trips	204	257	903	970	970
Home Health visits	540	798	3,294	4,159	4,159
Hospice days	117	210	680	930	907
Pharmacy requisitions	4,967	5,566	29,229	28,400	34,161