

**Eagle County Health Service District**

**Financial Statements**  
with Independent Auditor's Report

**December 31, 2021**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

# Eagle County Health Service District

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December 31, 2021

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**HINKLE &  
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Business Advisors

## Independent Auditor's Report

Board of Directors  
Eagle County Health Service District  
Edwards, Colorado

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle County Health Service District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Eagle County Health Service District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Eagle County Health Service District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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### ***Responsibilities of Management for the Financial Statements***

Eagle County Health Service District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Eagle County Health Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eagle County Health Service District's ability to continue as a going concern for a reasonable period of time.

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



***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle County Health Service District's basic financial statements. The Summary of Assessed Valuation, Mill Levy and Property Tax Collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Hick & Company, PC*

Englewood, Colorado  
June 16, 2022



## EAGLE COUNTY HEALTH SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis are designed to provide an in-depth review of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

### Financial Highlights:

- Cash position increased from \$9,308,536 on December 31, 2020 to \$9,963,338 on December 31, 2021. In the same period, investments likewise increased from \$3,133,374 to \$4,285,466.
- Net A/R decreased from \$1,221,614 on December 31, 2020 to \$1,199,158, due to a decrease in patient net revenues and the persistent impacts of COVID.
- With travel restriction due to COVID-19 being relaxed, net 911 calls increased between 2020 and 2021 by nearly 4.4%. Transfer volume increased 2.3% from 486 in 2020 to 497 in 2021, billable transports increased 13% from 2,931 in 2020 to 3,331 in 2021. The District Community Paramedicine (CP) responses increased slightly from 748 in 2020 to 754 in 2021, which is remarkable given the drastic increases we experienced in 2020 during the height of COVID, due to in-home patient visits. We anticipate a sustained increase in CP requests over the next few years as a result of expanded services.
- Gross patient revenue increased 12% from \$6,562,664 in 2020 to \$7,381,271.04 in 2021. Net patient revenue increased by \$382,208.
- Mill levy revenue collections decreased from \$8,707,664 in 2020 to \$8,659,001 in 2021.
- The District continues to manage its operations during the last two years in a fiscally conservative way, while maximizing appropriate revenue streams. ECPS has continued to post healthy surpluses in the last several years to contribute to its Fund Balance for future capital needs. The District's has continued to have a positive change in net position year over year from \$1,137,635 in 2018, to \$1,463,192 in 2019, to \$1,820,917 in 2020 and \$1,793,836 in 2021. This increase in net position well positions the District to pay for future Capital projects and provides much needed operating cash to plan for economic uncertainties.

### Overview of Financial Statements

*Government-wide Financial Statements.* The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These statements present a government-wide view of the District's finances, using accounting methods like those used by private-sector businesses.

The *Statement of Net Position* presents information on all the District's assets, liabilities, and deferred inflows with the difference reported as net position. The net position is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To consider the overall health of the District, one also needs to consider non-financial factors such as changes in the District's property tax base, and economic conditions of the environment.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information that reflects how the District's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* reports the District's cash flows from operating, capital and related financing, and investing activities.

These financial statements distinguish functions of the District that will be principally supported by service charges. The functions of the District include effective and economical operation of ambulance, medical transportation, and emergency medical services within the jurisdictional boundaries of the District. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources, which have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with legal requirements.

### **Notes to the Financial Statements**

The notes provide a background of the District, certain required statutes, and accounting policies used by the District. They also provide information that aids in the interpretation of the financial statements.

### **THE DISTRICT AS A WHOLE**

**Government-wide Financial Analysis.** The District's combined net position was \$26,846,213 as of December 31, 2021, an overall increase of 7.1% over 2020. Net position may serve over time as a useful indicator of a government's financial position. The condensed statement of net position as of December 31, 2021, was as follows:

**SUMMARY OF NET POSITION**

| Years ending December 31,   | 2021              | 2020              |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Cash  | 9,963,338         | 9,308,536         |
| Investments   | 4,285,466         | 3,133,374         |
| Accounts Receivable,<br><i>Net of allowance for Doubtful Accounts</i> | 1,199,158         | 1,221,614         |
| Grant Receivable  | 11,106            | -                 |
| Property Tax Receivable   | 9,010,583         | 8,693,055         |
| Other Current Assets  | 157,248           | 103,646           |
| Employee Notes receivable   | 814,517           | 798,695           |
| Capital Assets, Net of Accumulated Depreciation                       | <u>11,408,618</u> | <u>11,783,936</u> |
| <b>TOTAL ASSETS</b>   | <u>36,850,034</u> | <u>35,042,856</u> |
| <b>LIABILITIES AND DEFERRED INFLOWS</b>                               |                   |                   |
| Current Liabilities   | 993,238           | 1,297,424         |
| Long-term Liabilities   |                   | -                 |
| Deferred Inflows  | <u>9,010,583</u>  | <u>8,693,055</u>  |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>                         | <u>10,003,821</u> | <u>9,990,479</u>  |
| <b>NET POSITION</b>   |                   |                   |
| Net investment in capital assets                                      | 11,408,618        | 11,783,936        |
| Restricted for Emergency Reserve                                      | 630,000           | 619,588           |
| Unrestricted (including Capital Fund)                                 | <u>14,807,595</u> | <u>12,648,853</u> |
| <b>TOTAL NET POSITION</b>   | <u>26,846,213</u> | <u>25,052,377</u> |

A portion of the District's net position (55%) consists of its investment in capital assets (e.g., land, buildings, vehicles, and equipment). The District uses these capital assets to provide services; consequently, these assets are not available for future spending. The District does not have any related debt associated with these assets.

Another portion of the District's net position (2.3%) represents resources that are subject to other legal and board-imposed requirements and restrictions. The remaining balance (42.7%) is unrestricted and consists mainly of cash, investments and receivables which are used to meet the government's ongoing obligations to its citizens.

Highlights of the changes in District assets, liabilities, and deferred inflows were as follows:

Total assets of the District increased by \$2,166,674 from 2020 to 2021:

- Cash increased by \$1,806,894, as the District received COVID relief funds and divested from its bond ladder in order to have more cash on hand to manage the impacts of the pandemic.
- Patient receivables decreased by \$22,456 as the District worked with our Billing Agency (EMSMC) to clear up billing lag and collection procedures.
- Capital assets of the District decreased due to asset retirements and depreciation exceeding the rate of the purchase of new capital equipment in 2021. The delay in purchases is directly related to the supply chain and the lack of available ambulance chassis.
- Current liabilities decreased by \$193,472 mainly due to a decrease in account payable.



## Governmental Activities

The District's net position increased by \$1,793,83 during the 2021 fiscal year. The key elements of the increase are as follows:

| Years ending December 31,          | 2021              | 2020              |
|------------------------------------|-------------------|-------------------|
| <b>REVENUE</b>                     |                   |                   |
| <b>Operating Revenue</b>           |                   |                   |
| Ambulance service revenue, net     | 4,369,555         | 3,987,347         |
| <b>Non-operating revenue</b>       |                   |                   |
| Property taxes                     | 8,659,001         | 8,704,473         |
| Specific ownership taxes           | 502,393           | 458,402           |
| New investent income               | 71,998            | 180,028           |
| Other                              | 1,071,020         | 994,280           |
| Total non-operating revenue        | <u>10,304,412</u> | <u>10,337,183</u> |
| Total Revenue                      | <u>14,673,967</u> | <u>14,324,530</u> |
| <b>EXPENSES</b>                    |                   |                   |
| <b>Operating Expenses</b>          |                   |                   |
| Ambulance Services                 | 12,620,089        | 12,242,242        |
| <b>Non-operating Expenses</b>      |                   |                   |
| County Treasurer's Collection fees | 260,042           | 261,371           |
| Interest expenses                  | -                 | -                 |
| Total non-operating expenses       | <u>260,042</u>    | <u>261,371</u>    |
| Total expenses                     | <u>12,880,131</u> | <u>12,503,613</u> |
| CHANGE IN NET POSITION             | 1,793,836         | 1,820,917         |
| NET POSITION - BEGINNING OF YEAR   | <u>25,052,377</u> | <u>23,231,460</u> |
| NET POSITION - END OF YEAR         | 26,846,213        | 25,052,377        |

Total revenue for the District increased by \$349,437 over 2020, primarily from increases in billable revenue, wildland, and grant revenues (COVID Relief Funds).

Total expenses increased by \$376,518 primarily due to our lease agreement for the Vail station.

## Governmental Funds

As mentioned earlier, the District is comprised entirely of governmental activities and thus, has no business-type activities. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Surplus fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2021, the District’s governmental funds reported combined ending fund balances of \$26,846,213, an increase of \$1,793,836 from the prior year. Approximately 34% of this balance constitutes unassigned fund balance, which is available for spending at the District’s discretion; 18% is capital projects reserve, 42% is restricted to the investment of current capital assets; and the remainder of the balance is non-spendable as a prepaid item.

**General Fund Budgetary Highlights**

During 2021, General Fund expenditures were under budget by a total of \$589,742, which were largely due to the District restricting spending on capital outlay and postponing training and development opportunities (avoiding gatherings, travel, etc. due to COVID-19 restrictions). General fund revenues were in excess of budget by \$425,267, due to COVID relief funds granted for response supplies related to readiness of response.

**Capital Assets**

Investment in capital assets includes land, buildings and improvements and transportation and other equipment. Analysis of changes in capital assets was as follows:

|                                    | CAPITAL ASSETS<br>(net of accumulated depreciation) |            |
|------------------------------------|---|------------|
| As of December 31,                 | 2021  | 2020       |
| Land                               | 1,042,148   | 1,042,148  |
| Transportation and other equipment | 1,238,044   | 1,487,484  |
| Building and Improvement           | 9,128,426   | 9,254,304  |
|                                    | 11,408,618  | 11,785,956 |

The District retired vehicles and has been unable to replace them due to supply chain issues. We have two ambulances on order and expect them later in 2022.

**Long-term obligations**

The District has no long-term debt or obligations.

**Economic Factors and Next Year’s Budget and Rates**

The following factors and indicators were considered when setting next year’s budget:

- At the beginning of the 2022 budget cycle, ECPS saw the return of admin employees to in-person work. We were anticipating not only the effects of COVID-19 entering the endemic state, but also seeing an increase in financial instability of our economy, compounded by supply chain issues affecting medical supplies and the availability of vehicles. The strategic and fiscally responsible planning that the District has employed

over the past several years is well suited to meet the financial challenges that these challenges present. This year's budget represents our continued efforts to conservatively utilize the resources accumulated by the past several years while also strategically planning for fiscal future needs.

- Continued sharp increases in real estate valuations from 2015 to today continues to exert upward pressure on the cost of labor. The District's history and stature in the pre-hospital community continues to attract highly qualified candidates which helps to mitigate some of the impact, however it also creates other challenges. The result has been that we are experiencing a greater number of EMT's and Paramedics living out of the county. This will start to affect our ability to have staff available for immediate system emergencies.
- Risks to the entity include events such as warmer than expected weather, low snowfall in the winter, forest fires or floods in the summer, all of which could adversely affect tourism. The area also has a large percentage of second homeowners and tourism from outside the nearby metro center and outside the country. Global or national economic and health factors may also have an impact on the organization's business.
- The District increased transport base rates effective February 2022 and the budget reflects this change.
- The District has historically practiced good stewardship of public funds and continues to aggressively save and pay for future Capital projects with cash. Our 0-5 year outlook will include at least \$5 million dollars earmarked for the complete renovation of our Eagle Station which may include employee housing. Our 0-10 year plan has another \$5 million set-aside in our Capital Fund for Capital Equipment purchases such as new ambulances and equipment replacement.
- In response to COVID's transition into the endemic phase, we are continually exploring a myriad of options to be community leaders in providing healthcare and emergency response to our community in a fiscally prudent manner. We are looking ahead, preparing for further increases in costs, and options to diversify our revenue streams as our operating environment experiences continued volatility. ECPS budgeted for clinical training and professional development, as well as needed repairs and maintenance to our buildings and investment in capital outlay for 2022, realizing that our staff, facilities, and equipment are cornerstones of serving the public and it is critical that we maintain and care for these three areas.
- The demand for our Community Paramedicine/Mobile Integrated Health Services (MIH) are continuing to grow and we are exploring additional partnerships with our community stakeholders. We expected the demand to normalize back to pre-pandemic levels, however the program continues to grow as we are exploring additional service lines with multiple community healthcare partners, based on community need. We expect MIH to be the largest evolution of Emergency Medical Services locally and across the nation. This evolution towards expanded mobile healthcare presents the opportunity for

additional funding sources that will support traditional 911 fees for service from the District.

### **Requests for Information**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Veronica Ross, Finance Manager, PO Box 990, Edwards, Colorado 81632.

## **Basic Financial Statements**

**Eagle County Health Service District**  
Statement of Net Position  
December 31, 2021

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>   |                            |
| <i>Current Assets</i>   |                            |
| Cash  | \$ 9,963,338               |
| Investments   | 4,285,466                  |
| Accounts Receivable,<br><i>Net of Allowance for Doubtful Accounts</i> | 1,199,158                  |
| Grant Receivable  | 11,106                     |
| Property Tax Receivable   | 9,010,583                  |
| Prepaid Expenses  | 157,248                    |
| <i>Total Current Assets</i>   | 24,626,899                 |
| <i>Noncurrent Assets</i>  |                            |
| Employee Notes Receivable   | 814,517                    |
| Capital Assets, <i>Not Being Depreciated</i>                          | 1,042,148                  |
| Capital Assets, <i>Net of Accumulated Depreciation</i>                | 10,366,470                 |
| <i>Total Non-Current Assets</i>                                       | 12,223,135                 |
| <br>Total Assets  | <br>36,850,034             |
| <b>Liabilities</b>  |                            |
| <i>Current Liabilities</i>  |                            |
| Accounts Payable  | 197,454                    |
| Accrued Salaries and Compensated Absences                             | 795,784                    |
| <br>Total Liabilities   | <br>993,238                |
| <b>Deferred Inflows of Resources</b>                                  |                            |
| Property Taxes  | 9,010,583                  |
| <b>Net Position</b>   |                            |
| Net Investment in Capital Assets                                      | 11,408,618                 |
| Restricted for Emergencies  | 630,000                    |
| Unrestricted  | 14,807,595                 |
| <br>Total Net Position  | <br>\$ 26,846,213          |



**Eagle County Health Service District**  
 Balance Sheet  
 Governmental Funds  
 December 31, 2021

|   | General           | Capital Projects | Total             |
|---|-------------------|------------------|-------------------|
| <b>Assets</b>   |                   |                  |                   |
| Cash  | \$ 4,925,879      | \$ 5,037,459     | \$ 9,963,338      |
| Investments   | 4,285,466         | -                | 4,285,466         |
| Accounts Receivable,<br><i>Net of Allowance for Doubtful Accounts</i>     | 1,199,158         | -                | 1,199,158         |
| Grant Receivable  | 11,106            | -                | 11,106            |
| Property Tax Receivable   | 9,010,583         | -                | 9,010,583         |
| Prepaid Expenses  | 157,248           | -                | 157,248           |
| <br>Total Assets  | <br>\$ 19,589,440 | <br>\$ 5,037,459 | <br>\$ 24,626,899 |
| <b>Liabilities</b>  |                   |                  |                   |
| Accounts Payable  | \$ 197,454        | \$ -             | \$ 197,454        |
| Accrued Salaries and Compensated Absences                                 | 268,382           | -                | 268,382           |
| <br>Total Liabilities   | <br>465,836       | <br>-            | <br>465,836       |
| <b>Deferred Inflows of Resources</b>                                      |                   |                  |                   |
| Property Taxes  | 9,010,583         | -                | 9,010,583         |
| <b>Fund Balances</b>  |                   |                  |                   |
| Nonspendable Prepaid Expenditures   | 157,248           | -                | 157,248           |
| Restricted for Emergencies  | 630,000           | -                | 630,000           |
| Unrestricted, Unassigned  | 9,325,773         | 5,037,459        | 14,363,232        |
| <br>Total Fund Balances   | <br>10,113,021    | <br>5,037,459    | <br>15,150,480    |
| <br>Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <br>\$ 19,589,440 | <br>\$ 5,037,459 | <br>\$ 24,626,899 |

**Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:**

|   |                   |
|---|-------------------|
| Total Fund Balances of Governmental Funds   | 15,150,480        |
| <br>Non-current receivables used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds. |                   |
| Employee Notes Receivable   | 814,517           |
| <br>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.          |                   |
| Capital Assets  | 11,408,618        |
| <br>Long-term liabilities and related items are not due and payable in the current year, and therefore, are not reported in governmental funds:         |                   |
| Accrued Compensated Absences  | (527,402)         |
| <br>Total Net Position of Governmental Activities   | <br>\$ 26,846,213 |

See Notes to the Financial Statements.



**Eagle County Health Service District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2021

|  | General       | Capital      | Total         |
|--|---------------|--------------|---------------|
| <b>Revenues</b>  |               |              |               |
| Taxes  | \$ 9,161,394  | \$ -         | \$ 9,161,394  |
| Charges for Services, <i>net</i>                         | 4,369,555     | -            | 4,369,555     |
| Grant Revenue  | 897,508       | -            | 897,508       |
| Net Investment Income                                    | 71,998        | -            | 71,998        |
| Payments on Employee Loans                               | (15,822)      | -            | (15,822)      |
| Gain (Loss) on Sale of Assets                            | 100,520       | -            | 100,520       |
| County Treasurer's Collection Fees                       | (260,042)     | -            | (260,042)     |
| Miscellaneous  | 96,780        | -            | 96,780        |
|  | <hr/>         | <hr/>        | <hr/>         |
| Total Revenues   | 14,421,891    | -            | 14,421,891    |
| <b>Expenditures</b>                                      |               |              |               |
| Ambulance Services                                       |               |              |               |
| Salaries and Wages                                       | 6,165,071     | -            | 6,165,071     |
| Benefits   | 3,327,878     | -            | 3,327,878     |
| Employee Relations                                       | 26,423        | -            | 26,423        |
| Professional Development                                 | 122,961       | -            | 122,961       |
| Supplies, Materials & Minor Equipment                    | 398,752       | -            | 398,752       |
| Fuel   | 76,951        | -            | 76,951        |
| Board and Audit  | 39,234        | -            | 39,234        |
| Legal and Election                                       | 18,761        | -            | 18,761        |
| Finance and Collection Fees                              | 216,688       | -            | 216,688       |
| Contracted and Other Services                            | 264,896       | -            | 264,896       |
| Dues, Licenses, Fees and Subscriptions                   | 106,237       | -            | 106,237       |
| Utilities  | 88,889        | -            | 88,889        |
| Insurance  | 79,481        | -            | 79,481        |
| Repairs and Maintenance                                  | 263,072       | -            | 263,072       |
| Internet and Website                                     | 110,199       | -            | 110,199       |
| Communications   | 203,103       | -            | 203,103       |
| Marketing and Advertising                                | 16,357        | -            | 16,357        |
| Rent   | 265,118       | -            | 265,118       |
| Miscellaneous  | 979           | -            | 979           |
| Capital Outlay   | 588,223       | -            | 588,223       |
|  | <hr/>         | <hr/>        | <hr/>         |
| Total Expenditures                                       | 12,379,273    | -            | 12,379,273    |
| <b>Excess (Deficiency) of Revenues over Expenditures</b> | <hr/>         | <hr/>        | <hr/>         |
|  | 2,042,618     | -            | 2,042,618     |
| <b>Transfers</b>   | <hr/>         | <hr/>        | <hr/>         |
|  | 588,776       | (588,776)    | -             |
| <b>Net Change in Fund Balances</b>                       | <hr/>         | <hr/>        | <hr/>         |
|  | 2,631,394     | (588,776)    | 2,042,618     |
| <b>Fund Balances, Beginning of year</b>                  | <hr/>         | <hr/>        | <hr/>         |
|  | 7,481,627     | 5,626,235    | 13,107,862    |
| <b>Fund Balances, End of year</b>                        | <hr/>         | <hr/>        | <hr/>         |
|  | \$ 10,113,021 | \$ 5,037,459 | \$ 15,150,480 |

See Notes to the Financial Statements.

**Eagle County Health Service District**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 Governmental Funds  
 For the Year Ended December 31, 2021

**Amounts Reported for Governmental Activities  
 in the Statement of Activities are Different Because:**

|   |    |           |
|---|----|-----------|
| Net Change in Fund Balances of Governmental Funds   | \$ | 2,042,618 |
| <p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p> |    |           |
| Capital Outlay  |    | 589,512   |
| Depreciation Expense  |    | (941,042) |
| Disposal of Capital Assets  |    | (23,788)  |
| <p>Repayment of Notes Receivable - Employees are revenues in governmental funds, but the repayments reduce long-term receivable in the statement of position and not affect the statement of activities:</p>  |    |           |
| Repayments on Employee Loans  |    | 15,822    |
| <p>Some expenses reported in the statement of activities do not require the use of the current financial resources and, therefore, are not reported as expenditures in governmental funds.<br/>         This includes changes in the following:</p>   |    |           |
| Accrued Interest Payable  |    | 110,714   |
| Change in Net Position of Governmental Activities   | \$ | 1,793,836 |

# Eagle County Health Service District

## Notes to Financial Statements

December 31, 2021

### **Note 1: Summary of Significant Accounting Policies**

Eagle County Health Service District, (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Eagle County, Colorado. According to the Colorado Revised Statutes (C.R.S.), the District may establish, maintain or operate, directly or indirectly through lease to or from other parties or other arrangement, public hospitals, convalescent center, nursing care facilities, intermediate care facilities, emergency facilities, community clinics, or other facilities licensed or certified pursuant to section 25-I.5-103(l)(a), C.R.S., providing health and personal care services and may organize, own, operate, control, direct, manage, contract for, or furnish ambulance service. Currently, the District is providing ambulance and personal care services.

The District follows accounting policies that conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

#### **Reporting Entity**

The reporting entity of the District includes those activities and functions over which the District is considered to be financially accountable. The District's financial statements include the accounts and operations of all of the District's functions. The District is the primary government and does not include any component units using the criteria set forth in generally accepted accounting principles.

The District is a special-purpose government engaged in predominantly ambulance services and community health. The District, as a quasi-municipal corporation, derives most of its revenues from taxpayer funding, and thereby only consists of governmental funds. Accordingly, only governmental funds and activities are presented.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the District. Governmental activities, which are supported mostly by taxes and charges for services, are reported in a single column.

The Statement of Activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services who benefit from the services provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues, such as taxes and investment income.

Major individual governmental funds are reported in separate columns on the fund financial statements.

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

*General Fund* - This fund is the District's primary operating fund. It accounts for most of the financial resources of the District.

*Capital Projects Fund* - This fund is used to account for the financial activities related to capital assets and any related debt service.

**Basis of Presentation - Fund Accounting**

The accounts of the District are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows, net position, revenues, and expenses.

GASB Statement No. 34, as amended, sets forth minimum criteria for the determination of major funds to be presented in the financial statements. The two existing funds, General and Capital Projects, are both considered major funds.

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation - Fund Accounting** (Continued)

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

**Budgets and Budgetary Accounting**

The annual budget is prepared and approved by the Board of Directors in accordance with Colorado Revised Statutes. Each fall the District's Board of Directors holds public hearings to approve the budget and appropriate the funds for the upcoming year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The Board can only modify the appropriation after notification and publication requirement have been met. There was one supplemental appropriation adopted for the 2021 year.

The budget basis of accounting differs from the GAAP basis in that outlay for the acquisition of capital assets is included as expenditures and gain on the sale of capital assets is excluded from revenue.

**Assets, Liabilities and Net Position/Fund Balance**

*Cash and Cash Equivalents* – For purposes of the statement of cash flows, the District considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

*Investments* - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

*Patient Accounts Receivable* - The District reports patient accounts receivable for services rendered net of allowance for doubtful accounts and contractual adjustments. The District provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection, and individual analysis of accounts.

*Prepaid Expenses* - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

# Eagle County Health Service District

Notes to Financial Statements

December 31, 2021

## Note 1: Summary of Significant Accounting Policies (Continued)

### **Assets, Liabilities and Net Position/Fund Balance** (Continued)

*Capital Assets* - Capital assets (property, plant, and equipment) are recorded at cost. The District's capitalization level is \$5,000 for individual capital assets. Maintenance repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on the disposition of property and equipment are included in income.

Capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

|                                    | <u>Estimated<br/>Lives</u> |
|------------------------------------|----------------------------|
| Buildings and improvements         | 5 to 40 years              |
| Transportation and other equipment | 3 to 10 years              |

*Accrued Salaries and Benefits* - The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund. The District allows employees to accumulate unused vacation benefits up to certain maximum hours based on the number of years the employee has worked for the District. Accumulated unpaid leave, if material, is accrued when incurred.

*Unearned Revenues* - Unearned revenues represent resources received by the District before it has a legal claim to them.

*Net Position/Fund Balance* - Net position of the District is classified in three components. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by any outstanding borrowing used to finance the purchase or construction of those assets. Restricted net position is non-capital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. The District currently has restricted net position for emergencies. Unrestricted net position is remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

### **Risk Management**

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

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Estimates**

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

**Net Patient Service Revenue**

The District has agreements with Medicaid and Medicare that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at estimated net realizable amounts. The contractual write-offs for Medicaid and Medicare were \$1,451,358 for 2021. The District also receives requests for public service assistance consideration. The Board reviews these requests, and upon approval, these accounts are written off. The assistance given was \$12,316 in 2021.

**Subsequent Events**

The District has evaluated subsequent events through June 16, 2022, the date the financial statements were available to be issued.

**Note 2: Deposits and Investments**

**Cash Deposits**

The District's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District is in compliance with PDPA requirements. The District's bank deposits at December 31, 2021 were \$50,949 collateralized with securities held by the financial institution's agents but not in their name.

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 2: Deposits and Investments (Continued)**

**Cash Deposits** (Continued)

At December 31, 2021 the District's cash deposits and investments had a carrying value as follows:

|               |                          |
|---------------|--------------------------|
| Cash Deposits | \$ 9,963,338             |
| Investments   | <u>4,285,466</u>         |
| <br>Total     | <br><u>\$ 14,248,804</u> |

**Investments**

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, certain repurchase agreements, and local government investment pools.

At December 31, 2021, the District had invested \$9,593,546 in the Colorado Government Liquid Asset Trust (COLOTRUST), which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments in the trust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. Designated custodial banks provide safekeeping and depository services to the trust in connection with the direct investment and withdrawal functions of the trust. Substantially all securities owned are held by the Federal Reserve Bank in the accounts maintained for the custodial banks. The custodians' internal records identify the investments owned by the trust. COLOTRUST funds carry a Standard & Poor's AAAM rating. There is no custodial, interest rate or foreign currency risk exposure. COLOTRUST operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by COLOTRUST are valued at fair value.

The composition, including levels under the GASB 72 fair value hierarchy, where applicable, of all cash and investments held by the District at December 31, 2021 is as follows:

|  |                          |
|--|--------------------------|
| Cash in Bank Accounts                                    | \$ 369,792               |
| Investment Pools   |                          |
| ColoTrust  | 9,593,546                |
| U.S. Federal Agency Securities                           |                          |
| U.S. Treasury Notes (Level 1)                            | 400,765                  |
| Federal National Mortgage Association (FNMA) (Level 1)   | 694,851                  |
| Federal Home Loan Mortgage Corporation (FHLMC) (Level 1) | 645,545                  |
| Federal Farm Credit Bank (FFCB) (Level 1)                | 1,469,015                |
| Federal Home Loan Bank (FHLB) (Level 1)                  | <u>1,075,290</u>         |
| <br>Total  | <br><u>\$ 14,248,804</u> |



**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 2: Deposits and Investments (Continued)**

**Investments** (Continued)

Investments in U.S. government agency securities at December 31, 2021, were as follows:

| <u>Security</u>                         | <u>Face Amount</u> | <u>CUSIP</u> | <u>Carrying Value</u> |
|---|--------------------|--------------|-----------------------|
| FNMA note due 11/29/2022                | \$ 300,000         | 3136G05K3    | \$ 298,095            |
| FNMA note due 10/27/2025                | 395,000            | 3136G45C3    | 396,756               |
| FFCB note due 3/15/2022                 | 450,000            | 3133EFN29    | 448,932               |
| FFCB note due 6/14/2022                 | 250,000            | 3133EKRD0    | 250,873               |
| FFCB note due 3/8/2023                  | 355,000            | 3133EJFK0    | 367,897               |
| FFCB note due 10/23/2023                | 400,000            | 3133EK3M6    | 401,313               |
| FHLB note due 2/26/2024                 | 325,000            | 3130AL6Q2    | 325,000               |
| FHLB note due 2/24/2026                 | 350,000            | 3130ALCB8    | 348,596               |
| FHLB note due 5/26/2026                 | 400,000            | 3130AMLL4    | 401,693               |
| FHLMC note due 10/28/2024               | 395,000            | 3134GW3W4    | 396,255               |
| FHLMC note due 6/23/2026                | 250,000            | 3134GXHY3    | 249,291               |
| U.S. Treasury Note due 3/31/2025        | \$ 400,000         | 912828ZF0    | 400,765               |
| Total U.S. government agency securities |                    |              | <u>\$ 4,285,466</u>   |

All the Federal Agency securities held by the District at December 31, 2021 are rated AA+ by Standard and Poor's.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to a depositor or investor. To limit credit risk, the District's investment policy limits District investments to obligations of the United States and certain U.S. government agency securities, specified local government investment pools, and general obligation and revenue bonds of United States local government entities.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District's deposits are either covered by depository insurance or are collateralized under the Colorado Public Deposit Protection Act and are therefore not deemed to be exposed to custodial credit risk. The District's investments are not deemed to be exposed to custodial credit risk because the investments are held by the District or by the District's custody agent in the District's name.

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 2: Deposits and Investments (Continued)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place a limit on the amount that may be invested in any one issuer. Investments amounting to 5% or more in any single issuer of the District's investments total include investment pools, and securities of the Federal National Mortgage Association and the Federal Farm Credit Bank. These investments are 66%, 10%, and 12%, respectively, of the District's total investments at December 31, 2021.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure by coordinating investment maturities with anticipated cash flow requirements, establishing a pattern of rolling maturity dates, and employing a buy-and-hold strategy.

| Investment Type          | S&P Rating | Investment Maturities (in Years) |             |            |            |            | Total         |
|--------------------------|------------|----------------------------------|-------------|------------|------------|------------|---------------|
|                          |            | Less Than 1 Year                 | 1 - 2 Years | 2-3 Years  | 3-4 Years  | 4-5 Years  |               |
| Deposits                 | N/A        | \$ 369,792                       | \$ -        | \$ -       | \$ -       | \$ -       | \$ 369,792    |
| Investment Pools         | AAAm       | 9,593,546                        | -           | -          | -          | -          | 9,593,546     |
| Federal Agency Security: | AAA        | -                                | -           | -          | -          | 348,596    | 348,596       |
| Federal Agency Security: | AA+        | 997,900                          | 769,210     | 721,255    | 797,521    | 650,984    | 3,936,870     |
| Total                    |            | \$ 10,961,238                    | \$ 769,210  | \$ 721,255 | \$ 797,521 | \$ 999,580 | \$ 14,248,804 |

**Note 3: Property Taxes**

Property taxes for 2021, collectible in 2020, were certified by the Eagle County Commissioners before December 31, 2021. Property taxes attached as an enforceable lien on January 1, 2020 and are due in total April 30, 2020 or in equal installments February 28, 2020 and June 15, 2020, at the option of the taxpayer. Property taxes for 2021, collectible in 2020, are shown as property taxes receivable and deferred inflows on the statement of net position in the amount of the assessed taxes. The County Treasurer remits taxes collected monthly to the District.

**Note 4: Capital Assets**

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

|  | Balance<br>12/31/20 | Additions | Deletions | Balance<br>12/31/21 |
|--|---------------------|-----------|-----------|---------------------|
| Capital Assets, <i>Not Being Depreciated</i>       |                     |           |           |                     |
| Land   | \$ 1,042,148        | \$ -      | \$ -      | \$ 1,042,148        |
| Construction in Progress                           | -                   | -         | -         | -                   |
| Total Capital Assets, <i>Not Being Depreciated</i> | \$ 1,042,148        | \$ -      | \$ -      | \$ 1,042,148        |

(Continued)

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 4: Capital Assets** (Continued)

|  | <u>Balance</u><br><u>12/31/20</u> | <u>Additions</u>    | <u>Deletions</u>   | <u>Balance</u><br><u>12/31/21</u> |
|--|-----------------------------------|---------------------|--------------------|-----------------------------------|
| <i>Capital Assets, Being Depreciated (Continued)</i> |                                   |                     |                    |                                   |
| Buildings and Improvements                           | \$ 13,847,595                     | \$ 262,324          | \$ -               | \$ 14,109,919                     |
| Transportation and Other Equipment                   | <u>4,417,178</u>                  | <u>327,188</u>      | <u>(319,133)</u>   | <u>4,425,233</u>                  |
| <b>Total Capital Assets, Being Depreciated</b>       | <u>18,264,773</u>                 | <u>589,512</u>      | <u>(319,133)</u>   | <u>18,535,152</u>                 |
| <i>Less Accumulated Depreciation</i>                 |                                   |                     |                    |                                   |
| Buildings and Improvements                           | (4,593,291)                       | (388,202)           | -                  | (4,981,493)                       |
| Transportation and Other Equipment                   | <u>(2,929,694)</u>                | <u>(552,840)</u>    | <u>295,345</u>     | <u>(3,187,189)</u>                |
| <b>Total Accumulated Depreciation</b>                | <u>(7,522,985)</u>                | <u>(941,042)</u>    | <u>295,345</u>     | <u>(8,168,682)</u>                |
| <b>Total Capital Assets, Being Depreciated, net</b>  | <u>10,741,788</u>                 | <u>(351,530)</u>    | <u>(23,788)</u>    | <u>10,366,470</u>                 |
| <b>Total Capital Assets, net</b>                     | <u>\$ 11,783,936</u>              | <u>\$ (351,530)</u> | <u>\$ (23,788)</u> | <u>\$ 11,408,618</u>              |

**Note 5: Lease Agreements**

The District, as tenant, has entered into a lease agreement with Vail Clinic, Inc. to lease office space in which one of the District's operations in Vail, Colorado are located. The lease term is for twenty years through November 30, 2040 and the annual rent is set at \$86,725 adjusted each year based upon the change in the annual CPI index for Colorado. The District is also liable under the lease for their portion of any increase in the building operating expenses, as adjusted annually for CPI index change. That amount, if any, is determined annually. The minimum annual lease payments under the agreement, before application of the annual CPI adjustment is as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2022                            | \$ 252,983    |
| 2023                            | 252,983       |
| 2024                            | 252,983       |
| 2025                            | 252,983       |
| 2026                            | 252,983       |

The District, as landlord, has entered into a lease agreement as of November 1, 2011 with Eagle County, Colorado to lease certain real property to be used by Mountain Rescue. The lease term is for twenty-five years through October 31, 2036. The term may be extended for five additional five-year terms at the option of the tenant. The annual rental is nominal. However, under the terms of the contract, if the status of Mountain Rescue as a nonprofit corporation should change in any way during the term of the lease, the District shall have the option of increasing the annual rent payable to not more than 12% of the real estate value of the leasehold estate.

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 6: Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment as they have interpreted it.

The Taxpayer's Bill of Rights (TABOR) requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). The District's reserve for TABOR and COVID-19 in 2021 is \$630,000.

On May 7, 1996, the voters authorized the District, effective January 1, 1995, to collect, retain and spend all revenue and other funds collected without limitation under TABOR, provided that the general mill levy not be increased without voter approval.

On May 3, 2016, the voters authorized the District, effective January 1, 2017, to increase the District tax rate by an additional 0.75 mills, for general operating purposes, resulting in a total District general operating mill levy rate, exclusive of refunds, abatements or debt service, not to exceed 2.75 mills. Previously, the voters also authorized the District to collect, retain and spend all tax revenue and other revenue received from any source, effective January 1, 2002, as a voter approved revenue change offset and exception to the limits which would otherwise apply under TABOR, and as a permanent waiver of the 5.5% limitation under Section 29-1-301.

**Note 7: Retirement Plan**

The employees of the District participate in a defined contribution retirement plan, created in accordance with Internal Revenue Code Section 401(a). The Plan is maintained and administered by a third-party administrator. In a single employer defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees become eligible to participate in the District's contribution on the first day of the month following employment.

The District changed its retirement plan provider and amended its 401(a) Money Purchase Retirement Plan with new provisions applicable to employees, effective April 13, 2019. Under the old Plan which expired April 12, 2019, the District paid 10% of the employee's compensation for full-time employees with 0 to 36 months of vesting service and 18% of the employee's compensation for full-time employees with 37 or more months of vesting service with the District.

**Eagle County Health Service District**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Plan**

Under the new Plan, for any full-time employee hired on or after April 13, 2019, with 0 to 36 months of vesting service or at least 37 months of vesting service, the District pays 10% of the employee's compensation or 18% of the employee's compensation, respectively, if the employee contributes at least 6% of base pay as elective deferrals toward the Deferred Compensation Plan. The District contributes 7.5% of the employee's compensation for a full-time employee, regardless of the months of vesting service if the employee contributes less than 6% of base pay toward the Deferred Compensation Plan. A part-time employee receives a contribution from the District of 10% or 7.5% of compensation if the employee contributes at least 6% toward the Plan or less than 6% toward the Plan, respectively.

The District's contributions, plus earnings, become vested immediately. There is no liability for benefits under the plan beyond the District's payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

The District made the required contributions of \$1,044,238 for the year ended 2021. No employee contributions were made as all employees contribute to the IRS 457(b) deferred compensation plan created by the District. Employees may contribute up to the statutory IRS limitations to the 457(b) Plan.

**Note 8: Employee Note Receivable**

The District has an employee housing program, whereby the District will loan monies to qualifying employees toward the purchase of a residence. There are currently eight loans outstanding ranging from \$27,431 to \$528,125, with a total balance of \$877,820 at December 31, 2021. Most loans have interest rates of 0% and are due five to thirty years from inception of the loan. The District has second deeds of trust on the real property as collateral for all but one of the loans, for which the District has a first deed of trust.

## **Required Supplementary Information**

**Eagle County Health Service District**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2021

|   | Original and<br>Final Budget | Actual       | Variance<br>Positive<br>(Negative) |
|---|------------------------------|--------------|------------------------------------|
| <b>Revenues</b>                                     |                              |              |                                    |
| Ambulance Service Revenue                           | \$ 4,200,000                 | \$ 4,369,555 | \$ 169,555                         |
| Property Taxes                                      | 8,766,024                    | 8,659,001    | (107,023)                          |
| Specific Ownership Taxes                            | 345,000                      | 502,393      | 157,393                            |
| Interest Income                                     | 125,000                      | 71,998       | (53,002)                           |
| Grants and Donations                                | 561,787                      | 897,508      | 335,721                            |
| Payments on Employee Loans                          | -                            | (15,822)     | (15,822)                           |
| Other Income  | 158,335                      | 96,780       | (61,555)                           |
|   | <hr/>                        | <hr/>        | <hr/>                              |
| Total Revenues                                      | 14,156,146                   | 14,581,413   | 425,267                            |
| <b>Expenditures</b>                                 |                              |              |                                    |
| Salaries and Benefits                               | 6,733,833                    | 6,165,071    | 568,762                            |
| Benefits  | 2,559,717                    | 3,327,878    | (768,161)                          |
| Employee Relations                                  | 45,000                       | 26,423       | 18,577                             |
| Professional Development                            | 260,100                      | 122,961      | 137,139                            |
| Supplies, Materials & Minor Equip                   | 444,900                      | 398,752      | 46,148                             |
| Fuel  | 114,000                      | 76,951       | 37,049                             |
| Board and Audit                                     | 33,000                       | 39,234       | (6,234)                            |
| Legal and Election                                  | 40,000                       | 18,761       | 21,239                             |
| Finance & Collection Fees                           | 171,113                      | 216,688      | (45,575)                           |
| Contracted Service                                  | 254,750                      | 264,896      | (10,146)                           |
| Dues, Licenses, Fees & Subscriptions                | 199,488                      | 106,237      | 93,251                             |
| Mountain Rescue                                     | 5,000                        | -            | 5,000                              |
| Utilities   | 105,000                      | 88,889       | 16,111                             |
| Insurance   | 84,750                       | 79,481       | 5,269                              |
| Repairs and Maintenance                             | 329,505                      | 263,072      | 66,433                             |
| Internet & Website                                  | 111,800                      | 110,199      | 1,601                              |
| Communications                                      | 223,260                      | 203,103      | 20,157                             |
| Marketing & Advertising                             | 9,000                        | 16,357       | (7,357)                            |
| Rent Expense  | 16,250                       | 265,118      | (248,868)                          |
| Miscellaneous                                       | 2,000                        | 979          | 1,021                              |
| Capital Outlay                                      | 1,223,610                    | 588,223      | 635,387                            |
| County Treasurer's Fees                             | 262,981                      | 260,042      | 2,939                              |
|   | <hr/>                        | <hr/>        | <hr/>                              |
| Total Expenditures                                  | 13,229,057                   | 12,639,315   | 589,742                            |
| Excess (Deficiency) of Revenues Over Expenditures   | <hr/>                        | <hr/>        | <hr/>                              |
|   | 927,089                      | 1,942,098    | 1,015,009                          |
| <b>Other Financing Sources (Uses) and Transfers</b> |                              |              |                                    |
| Gain on Disposals of Assets                         | -                            | 100,520      | 100,520                            |
| Transfers In  | -                            | 588,776      | 588,776                            |
|   | <hr/>                        | <hr/>        | <hr/>                              |
| Total Other Financing Sources and Uses              | -                            | 689,296      | 689,296                            |
| <b>Change in Net Position, Budgetary Basis</b>      | <hr/>                        | <hr/>        | <hr/>                              |
|   | \$ 927,089                   | \$ 2,631,394 | \$ 1,704,305                       |

See Accompanying Independent Auditor's Report.

## **Supplementary Information**



**Eagle County Health Service District**  
 Summary of Assessed Valuation, Mill Levy and Property Tax Collections  
 For the Year Ended December 31, 2021

| Year Ended December 31, | Prior Year<br>Assessed<br>Valuation<br>for Current<br>Year Property<br>Tax Levy | Mills<br>Levied | Property Taxes |              | Percent<br>Collected<br>to Levied |
|-------------------------|---|-----------------|----------------|--------------|-----------------------------------|
|                         |   |                 | Levied         | Collected    |                                   |
| 2000                    | \$ 1,336,538,850  | 0.842           | \$ 1,125,366   | \$ 1,120,333 | 99.6%                             |
| 2001                    | 1,370,099,500   | 0.842           | 1,153,623      | 1,164,763    | 101.0%                            |
| 2002                    | 1,606,789,550   | 0.748           | 1,201,879      | 1,185,358    | 98.6%                             |
| 2003                    | 1,660,135,700   | 2.011           | 3,338,532      | 3,336,344    | 99.9%                             |
| 2004                    | 1,601,410,840   | 2.005           | 3,210,829      | 3,198,793    | 99.6%                             |
| 2005                    | 1,614,891,120   | 2.013           | 3,250,775      | 3,239,687    | 99.7%                             |
| 2006                    | 1,779,307,750   | 2.010           | 3,576,408      | 3,563,022    | 99.6%                             |
| 2007                    | 1,815,651,000   | 2.006           | 3,642,281      | 3,628,843    | 99.6%                             |
| 2008                    | 2,513,929,390   | 2.019           | 5,075,622      | 4,885,623    | 96.3%                             |
| 2009                    | 2,471,837,810   | 2.055           | 5,079,626      | 4,999,007    | 98.4%                             |
| 2010                    | 2,734,782,730   | 1.780           | 4,867,912      | 4,840,164    | 99.4%                             |
| 2011                    | 2,733,865,610   | 1.768           | 4,833,474      | 4,818,067    | 99.7%                             |
| 2012                    | 2,182,374,500   | 1.764           | 3,849,709      | 3,819,217    | 99.2%                             |
| 2013                    | 2,178,631,060   | 2.023           | 4,407,370      | 4,401,107    | 99.9%                             |
| 2014 - ECHSD            | 2,217,722,650   | 2.006           | 4,280,310      | 4,239,765    | 99.1%                             |
| 2014 - WECHSD           | 271,270,310   | 5.029           | 1,364,218      | 1,360,337    | 99.7%                             |
| 2015                    | 2,463,856,850   | 2.019           | 4,807,290      | 4,803,926    | 99.9%                             |
| 2016                    | 2,816,686,010   | 2.008           | 5,469,129      | 5,461,558    | 99.9%                             |
| 2017                    | 2,824,597,990   | 2.755           | 7,516,983      | 7,509,803    | 99.9%                             |
| 2018                    | 3,009,029,790   | 2.753           | 7,956,786      | 7,915,452    | 99.5%                             |
| 2019                    | 3,017,650,950   | 2.766           | 8,006,895      | 7,914,649    | 98.8%                             |
| 2020                    | 3,152,112,370   | 2.781           | 8,776,024      | 8,707,664    | 99.2%                             |
| 2021                    | 3,155,373,670   | 2.755           | 8,693,055      | \$ 8,659,001 | 99.6%                             |
| 2022                    | \$ 3,248,227,590  | 2.750           | \$ 8,932,626   |              |                                   |

**NOTE:** Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.