

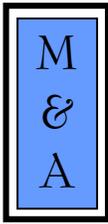
South Park Health Service District

**Financial Statements
December 31, 2018
(Unaudited)**

**South Park Health Service District
Financial Statements
December 31, 2018
(Unaudited)**

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MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors
South Park Health Service District
Fairplay, CO**

We have reviewed the accompanying financial statements of the governmental activities and the General Fund of South Park Health Service District (the "District"), as of and for the year ended December 31, 2018, which collectively comprises the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT
To the Board of Directors
South Park Health Service District**

Other Matters (continued)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and, accordingly, we do not express any assurance on it.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to it.

McMahan and Associates, L.L.C.

**McMahan and Associates, LLC
March 29, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH PARK HEALTH SERVICE DISTRICT

Management's Discussion and Analysis

December 31, 2018

As management of the South Park Health Service District (the "District"), we offer readers of the District's financial statements this narrative introduction, overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all District's assets and liabilities with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that result in cash flows in prior or future fiscal periods.

The District's government-wide and fund financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's currently has one fund, the General Fund, which is a governmental fund.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Normally, a reconciliation is presented to reconcile the fund balances of the governmental funds to the net position as reported in the government-wide financial statements and an additional reconciliation is presented reconciling the net change in fund balances of the governmental funds to the change in net position of the governmental activities. These reconciliations can be useful to facilitate the comparison between governmental funds and governmental activities as reported in the government-wide financial statements. However, in the District's case in 2018, there are no long-term assets or liabilities; therefore, the government-wide and fund statements report the same information, and no reconciliation is necessary.

Overview of the Financial Statements (continued)

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages D1 – D8 of this report.

Government-wide Financial Analysis: Condensed financial data provides an overview of the District's financial statements and provides the context for a better understanding of the basic financial statements. The following table shows the District's condensed government-wide financial data for the governmental activities for the current year. The District had no business-type activities during 2018. The District was formed in November 2017. There were no financial activities for the fiscal year ending December 31, 2017.

	<u>2018</u>
Assets:	
Current and other assets	\$ 414,459
Total Assets	<u>414,459</u>
Liabilities:	
Current liabilities	5,420
Total Liabilities	<u>5,420</u>
Net Position:	
Restricted for emergency	13,363
Unrestricted	395,676
Total Net Position	<u>\$ 409,039</u>
Revenues:	
Taxes	\$ 438,597
Grant revenue	5,000
Interest income	1,831
Total Revenues	<u>445,428</u>
Expenses/Expenditure:	
Administration	32,061
Operations	4,328
Total Expenses/Expenditure	<u>36,389</u>
Change in Net Position	409,039
Net Position - Beginning	-
Net Position - Ending	<u>\$ 409,039</u>

Overall Analysis

The District's overall financial position, as measured by total net position, increased by \$409,039 during 2018. This increase is mainly due to higher sales tax revenues in 2018. Taxes were the most significant sources of revenues, accounting for 98% of total revenue. Administrative expenses of \$32,061 accounted for approximately 88% of total District expenses in 2018.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

Overall Analysis (continued)

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted 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 the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$409,039.

Budget Variances in the District's General Fund

This discussion refers to the "Schedule of Revenues, Expenditures and Changes in Fund Balance" table on page E1 of this document and will cover budget variances.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: South Park Health Service District, 525 Hathaway St., PO Box 1253, Fairplay, CO 80440.

FINANCIAL STATEMENTS

**South Park Health Service District
Balance Sheet/
Statement of Net Position
December 31, 2018
(Unaudited)**

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and investments	381,585	-	381,585
Account receivable	32,874	-	32,874
Total Assets	414,459	-	414,459
Liabilities:			
Accounts payable	5,420	-	5,420
Total Liabilities	5,420	-	5,420
Fund Balance/Net Position:			
Fund Balance:			
Restricted for emergencies	13,363	(13,363)	-
Unassigned	395,676	(395,676)	-
Total Fund Balance	409,039	(409,039)	-
Total Liabilities and Fund Balance	414,459	(409,039)	-
Net Position:			
Restricted for emergencies		13,363	13,363
Unrestricted		395,676	395,676
Total Net Position		409,039	409,039

See accompanying notes and Independent Accountant's Review Report.

South Park Health Service District
Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2018
(Unaudited)

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Taxes	438,597	-	438,597
Grant revenue	5,000	-	5,000
Interest income	1,831	-	1,831
Total Revenues	<u>445,428</u>	<u>-</u>	<u>445,428</u>
Expenditures/Expenses:			
Administration	32,061	-	32,061
Operations	4,328	-	4,328
Total Expenditures/Expenses	<u>36,389</u>	<u>-</u>	<u>36,389</u>
Excess (Deficiency) of Revenues Over Expenditures	409,039	(409,039)	
Change in Net Position		409,039	409,039
Fund Balance/Net Position:			
Beginning	-	-	-
Ending	<u>409,039</u>		<u>409,039</u>

See accompanying notes and Independent Accountant's Review Report.

NOTES TO THE FINANCIAL STATEMENTS

South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)

I. Summary of Significant Accounting Policies

South Park Health Service District (the "District") was formed in 2017 under Colorado statutes as a special district. The District was established to assist in funding essential health service in the South Park region of Park County.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable or the organization's primary purpose is to benefit the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. The District is not financially accountable for any entity based on the above criteria nor is the District a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the District's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net invested in capital assets; restricted; and unrestricted net position.

The focus of the government-wide Statement of Net Position and the Statement of Activities is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. The District reports only a General Fund. The General Fund is the District's operating fund and accounts for all financial resources of the District.

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days of December 31) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

3. Taxes

Taxes consist of sales tax and motor vehicle tax. The District levies a uniform one percent sales tax throughout the entire geographical area of the District upon every transaction or other incident with respect to which a sales tax is levied by the State, except that such sales tax shall not be levied on the sale of cigarettes. In accordance with GAAP, the revenue is recorded as taxes are collected.

4. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Fund Balance (continued)

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

II. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds and the fiduciary fund are adopted on a basis consistent with GAAP. As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2018:

- (1) For the 2018 budget, the newly approved District's Board of Directors adopted a resolution on November 28, 2017 that the District will levy a 1% sales tax within the district map effective January 1, 2018.
- (2) On December 15, 2017, the Board treasurer submitted to the District's Board of Directors a recommended budget which detailed the necessary taxes needed along with other available revenues to meet the District's operating requirements. A public notice was posted on this date.
- (3) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution on December 22, 2017, which legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

II. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(5) All appropriations lapse at a year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2018, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$13,363 which is the approximate required reserve at December 31, 2018.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The District's voters approved the following TABOR ballot questions on November 7, 2017 (see next page):

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

Shall the South Park Health Service District be organized?

Shall South Park Health Service District taxes be increased \$500,000 in fiscal year 2018 (first full year dollar increase) and by whatever additional amounts are raised annually thereafter, by levying a one percent (1 penny per dollar) sales tax upon every transaction or other incident with respect to which a sales tax is levied by the State of Colorado (excluding purchases of food for domestic home consumption, prescription medications, residential utility bills, or other exempt transactions as detailed in articles 26 and 30, title 39, as amended, of the Colorado revised statutes), commencing on or after January 1, 2018, for the purpose of defraying a portion of the District's cost of operations, maintenance, and administration expenses, and shall the proceeds of such sales tax and any investments thereon be collected, retained and spent by the District without limitation by the revenue and spending limits of article X, Section 20 of the Colorado Constitution?

Shall South Park Health Service District be authorized to collect, retain, and spend the full amount of all revenues received by the district, including without limitation all taxes, service charges, administrative charges, grants or any other fee, rate or charge authorized by law or contract to be imposed, collected or received by the District during 2018 and each fiscal year thereafter, such amounts to constitute a voter approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue raising, or other limitation contained in Article X, section 20 of the Colorado Constitution, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

As of December 31, 2018, the District has no authorized or unissued debt.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$104,754 at year end.

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2018 the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Amount</u>
Colostrust	276,831
Total	<u>276,831</u>

The Investment Pool represents investments in COLOTRUST. The District has no regulatory oversight for the pool. At December 31, 2018, the District's investments in COLOTRUST were 100% of the District's investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2018, the District held no investments.

At December 31, 2018, the District had no unrealize gains or losses. The District had the following cash and investments with the following maturities:

<u>Type</u>	<u>Standard & Poors Rating</u>	<u>Carrying Amount</u>	<u>Term to Maturity</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking		\$ 104,754	\$ 104,754	\$ -
<i>Investment pool:</i>				
Colostrust	AAAm	276,831	276,831	-
		<u>\$ 381,585</u>	<u>\$ 381,585</u>	<u>\$ -</u>

Financial Statement Captions:

Cash and investments	381,585
	<u>\$ 381,585</u>

**South Park Health Service District
Notes to the Financial Statements
December 31, 2018
(Unaudited)**

IV. Other Information

A. Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

B. Lease Agreement with Town of Fairplay

The District entered into a lease agreement with Town of Fairplay on June 18, 2018 for the lease of the property and improvements located at 525 Hathaway Street, Fairplay, Colorado 80440 less the portion of said premises currently leased to Rocky Mountain Rural Health Inc. The term of the lease is for one year commencing on July 1, 2018 and terminating on June 30, 2019, at the annual rental of one Dollars (\$1.00) payable at the commencement of the lease. This lease was renewed on December 21, 2018 to coincide with the term of the sublease agreement between the District and Healthone Clinic Services LLC.

C. Sublease Agreement with Healthone Clinic Services LLC

The District entered into a sublease agreement for the premises located at 525 Hathaway Street, Fairplay, Colorado 80440 less the portion of premises currently leased to Rocky Mountain Rural Health Inc., with Healthone Clinic Services, LLC to establish a medical practice in the District's service area as set forth in the Care Collaboration Agreement ("CCA"). The sublease is for a term of one year commencing on December 21, 2018 and terminating on December 21, 2019 at the annual rate of one dollar (\$1.00) payable at the commencement of the sublease.

D. Care Collaborative Agreement

The District entered into the Care Collaboration Agreement ("CCA") with Healthone Clinic Services, LLC ("HCA-CS") on December 21, 2018 to ensure that persons in the District's service area have access to quality, affordable health care services, including primary and behavioral health services, pharmacy services, and such other services as are typically provided in a family practice setting. Per this agreement, HCA-CS will establish and operate a medical practice in Fairplay, Colorado authorized to engage in the practice of medicine in the State of Colorado, to furnish certain Services through the operation of a clinic. The sublease agreement between the District and HCA-CS as mentioned in note IV. C. is a part of the CCA.

REQUIRED SUPPLEMENTARY INFORMATION

South Park Health Service District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2018
(Unaudited)

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales tax revenue	300,000	434,985	434,985	-
Motor vehicle tax revenue	-	3,612	3,612	-
Grant revenue	-	5,000	5,000	-
Interest income	-	1,831	1,831	-
Total Revenues	<u>300,000</u>	<u>445,428</u>	<u>445,428</u>	<u>-</u>
Expenditures:				
Administration:				
General and administrative	5,000	4,927	4,927	-
Legal	-	24,622	24,622	-
Insurance	-	2,512	2,512	-
Election expense	5,000	-	-	-
Total Administration	<u>10,000</u>	<u>32,061</u>	<u>32,061</u>	<u>-</u>
Operations:				
Clinic operations	225,000	-	-	-
Engineering fees	-	1,535	1,535	-
Utilities	12,000	2,793	2,793	-
Tabor emergency reserve	9,000	9,000	-	9,000
Contingency	12,000	12,000	-	12,000
Total Operations	<u>258,000</u>	<u>25,328</u>	<u>4,328</u>	<u>21,000</u>
Capital Outlay:				
Contingency	12,000	-	-	-
Total Capital Outlay	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>280,000</u>	<u>57,389</u>	<u>36,389</u>	<u>21,000</u>
Excess (Deficiency) of Revenues Over Expenditures	20,000	388,039	409,039	21,000
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>20,000</u>	<u>388,039</u>	<u>409,039</u>	<u>21,000</u>

See accompanying notes and Independent Accountant's Review Report.