

**AUDITED FINANCIAL STATEMENTS**

**WEST CUSTER COUNTY HOSPITAL DISTRICT**

**WESTCLIFFE, COLORADO**

December 31, 2009 and 2008

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# *Garren, Ross & DeNardo, Inc.*

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## **Independent Auditor's Report**

We have audited the accompanying financial statements of West Custer County Hospital District as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Custer County Hospital District as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 iv and 11 - 14 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, 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 inquires 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of West Custer County Hospital District. The schedules of operating expenses by department on pages 15 - 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Garren, Ross & DeNardo, Inc.*

## **Management's Discussion and Analysis**

**West Custer County Hospital District  
Management's Discussion and Analysis  
For the years ended December 31, 2009, 2008 and 2007**

The intent of the management discussion and analysis is to provide highlights of the West Custer County Hospital District's financial activities for the fiscal years ending December 31, 2009, 2008 and 2007. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

**District Operations**

The District operates as a Special District under the authority of the laws of the State of Colorado, Department of Public Health & Environment. The activities of the District include operating a Chapter IX Community Medical Clinic and a volunteer ambulance service referred to as Custer County Ambulance Service.

**Overview of Financial Statements**

The District's basic financial statements include a statement of net assets, a statement of revenue, expenses and changes in net assets, statement of cash flows and notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

The statement of net assets (formerly the balance sheet) presents the financial position of the District. It presents information on the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net assets presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

The statement of cash flows presents information on the effects changes in assets and liabilities have on cash during the course of the year.

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 5-10 of this report.

**Financial Analysis**

A condensed summary of the District's statements of revenues, expenses and changes in net assets for the years ended December 31 is presented below:

**West Custer County Hospital District  
Management's Discussion and Analysis  
For the years ended December 31, 2009, 2008 and 2007**

**Financial Analysis (Continued)**

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>2007</u>	<u>Dollar change</u>	<u>Percent Change</u>						
<b>Program Revenues</b>													
Patient fees - various	\$ 1,426,473	\$ 1,468,708	( \$42,235)	( 2.88%)	\$ 1,362,302	\$ 106,406	7.81%						
Administrative adjustments	( 550,275)	( 476,155)	( 74,120)	( 15.57%)	( 366,567)	( 109,588)	( 29.90%)						
<b>Total Program Revenues</b>	<u>876,198</u>	<u>992,553</u>	<u>( 116,355)</u>	<u>( 11.72%)</u>	<u>995,735</u>	<u>( 3,182)</u>	<u>( .32%)</u>						
<b>Program Expenses</b>													
Administration	427,544	436,002	8,458	( 1.94%)	371,788	( 64,214)	( 17.27%)						
Ambulance service	286,093	260,779	( 25,314)	( 9.71%)	207,997	( 52,782)	( 25.38%)						
Central Service & Supply	176,990	187,168	10,178	( 5.44%)	164,137	( 23,031)	( 14.03%)						
HCBS	223	14,061	13,838	( 98.41%)	25,907	11,846	45.73%						
Laboratory	77,257	81,408	4,151	( 5.10%)	9,370	( 72,038)	(768.82%)						
Maintenance & operation	63,916	60,306	( 3,610)	5.99%	66,125	5,819	8.80%						
Medical	658,827	594,551	( 64,276)	10.81%	623,248	28,697	4.60%						
Pharmacy	23,123	21,294	( 1,829)	8.59%	22,887	1,593	6.96%						
Therapy	71,478	46,593	( 24,885)	53.41%	46,998	405	21,093	13,231	( 7,862)	59.42%	12,091	( 1,140)	( 9.43%)
Optometry	11,575	4,287	( 7,288)	(170.00%)	-	( 4,287)	(100.00%)						
<b>Total Program Expenses</b>	<u>1,818,119</u>	<u>1,719,680</u>	<u>( 98,439)</u>	<u>5.72%</u>	<u>1,550,548</u>	<u>( 169,132)</u>	<u>( 10.91%)</u>						
<b>Nonoperating Revenues and Expenses</b>													
Taxes	453,898	459,372	( 5,474)	( 1.19%)	413,424	45,948	11.11%						
Grants and donations	111,847	192,575	( 80,728)	( 41.93%)	78,914	113,661	144.03%						
Investment income	4,599	13,354	( 8,755)	( 65.56%)	22,009	( 8,655)	( 39.32%)						
Other income	30,136	5,666	24,470	431.87%	9,393	( 3,727)	( 39.68%)						
Treasurer's fees	( 19,969)	( 20,052)	83	.41%	( 17,166)	( 2,886)	( 16.81%)						
<b>Net Other Revenues and (Expenses)</b>	<u>580,511</u>	<u>650,915</u>	<u>( 70,404)</u>	<u>( 10.82%)</u>	<u>506,574</u>	<u>144,341</u>	<u>28.49%</u>						
<b>Income (Loss) Before Capital Contributions</b>	<u>( 361,410)</u>	<u>( 76,212)</u>	<u>( 285,198)</u>	<u>(227.93%)</u>	<u>( 48,239)</u>	<u>( 27,973)</u>	<u>( 57.99%)</u>						
<b>Capital Contributions</b>	<u>111,491</u>	<u>293,199</u>	<u>( 181,708)</u>	<u>100.00%</u>	<u>103,356</u>	<u>189,843</u>	<u>183.68%</u>						
<b>Change in Net Assets</b>	<u>(\$ 249,919)</u>	<u>\$ 216,987</u>	<u>(\$ 466,906)</u>	<u>(215.18%)</u>	<u>\$ 55,117</u>	<u>\$ 161,870</u>	<u>293.68%</u>						

**Program Revenues – Patient Fees**

Patient fees decreased by \$42,235 compared to 2008. Net program revenue decreased by \$116,355 due to administrative adjustments increasing.

**Nonoperating Revenues**

Nonoperating revenues consist of three primary sources. The most significant source is tax revenues, which include property and specific ownership taxes, totaling \$453,898 or a decrease from 2008 of \$5,474.

**West Custer County Hospital District  
Management's Discussion and Analysis  
For the years ended December 31, 2009, 2008 and 2007**

**Nonoperating Revenues (Continued)**

Grants and donations and capital contributions totaled \$223,338 or an decrease from 2008 of \$262,436. Revenues from this source tend to vary from year to year to a greater degree than other revenues dependent upon grant sources available to the District. These revenues are often restricted to specific purposes such as capital asset purchases.

Other nonoperating revenues include interest income and miscellaneous income from various sources.

**Total Program Expenses**

Total program expenses for the 2009 fiscal year totaled \$1,818,119 compared to the prior year of \$1,719,680. This is an increase of \$98,439 or 5.72%. The District had a 10.91% increase in expenses from 2007 to 2008. Combined expenses are comprised of several major categories or functional expense categories as shown in the table which summarizes the statement of revenues, expenses and changes in net assets.

**Major Functional Expense Categories**

The largest functional expense categories are administration, medical, ambulance and central service and supply. These four categories account for over eighty percent of the total program expenses. The other functional expense categories are HCBS, maintenance and operation, pharmacy, therapy and X-ray. Although smaller in total costs, these categories are distinct and important to the overall services provided by the District.

The functional categories with the largest dollar amount change were therapy which increased by \$24,885, ambulance services which increased by \$25,314, and medical which increased by \$64,276.

A condensed summary of the District's net assets at December 31, 2009, 2008 and 2007 is presented below:

Statement of Net Assets	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>2007</u>	<u>Dollar change</u>	<u>Percent Change</u>
Capital Assets	\$ 1,565,045	\$ 1,600,010	(\$ 34,965)	( 2.19%)	\$ 1,416,276	\$ 183,734	12.97%
Current and Other Assets	1,006,382	1,086,305	( 79,923)	( 7.36%)	1,095,837	( 9,532)	( .87%)
<b>Total Assets</b>	<u>2,571,427</u>	<u>2,686,315</u>	<u>( 114,888)</u>	<u>( 4.28%)</u>	<u>2,512,113</u>	<u>174,202</u>	<u>6.93%</u>
Long-Term Liabilities	-	-	-	-	-	-	-
Other Liabilities	597,021	461,990	135,031	29.23%	504,775	( 42,785)	( 8.48%)
<b>Total Liabilities</b>	<u>597,021</u>	<u>461,990</u>	<u>135,031</u>	<u>29.23%</u>	<u>504,775</u>	<u>( 42,785)</u>	<u>( 8.48%)</u>
<b>Net Assets</b>							
Invested in Capital Assets,							
Net of Related Debt	1,565,045	1,600,010	( 34,965)	( 2.19%)	1,416,276	183,734	12.97%
Restricted	57,800	126,272	( 126,272)	( 100.00%)	41,500	84,772	204.27%
Unrestricted	351,561	498,043	( 88,682)	( 17.81%)	549,562	( 51,519)	( 9.37%)
<b>Total Net Assets</b>	<u>\$ 1,974,406</u>	<u>\$ 2,224,325</u>	<u>(\$ 249,919)</u>	<u>( 11.24%)</u>	<u>\$ 2,007,338</u>	<u>\$ 216,987</u>	<u>10.81%</u>

**Net Assets**

The District's financial condition declined from the previous year. During 2009 the District's net assets decreased by \$249,919.

**West Custer County Hospital District  
Management's Discussion and Analysis (Continued)  
For the years ended December 31, 2009, 2008 and 2007**

**Net Assets (Continued)**

As shown in the above table, the District's total net assets decreased by \$249,919 resulting primarily from a decrease in program revenue and an increase in program expenses.

The District current liabilities which consist of accounts payable, a line of credit, and various accruals, increased from 2008 in the amount of \$135,031 as shown in the above table. At December 31, 2009 the outstanding balance on the line of credit was \$91,000.

The net assets of the District are reported in three categories. At December 31, 2009, \$1,565,045 was invested in capital assets, net of related debt. This represents capital assets being used in the District's operations which are not available otherwise available for appropriation since they do not represent liquid resources which could be spent. Total restricted assets of \$57,800 consist of \$40,600 for the emergency reserve required by the provisions of TABOR and \$17,200 for grant awards that have not been spent. Unrestricted net assets represent those which are not restricted by external requirements on their use or are otherwise unavailable by their nature.

**Capital Expenditures**

During 2009, the District expended \$145,654 in capital asset additions. The additions consisted of several items of medical and office equipment as well as building improvements.

**Long Term Debt**

The District had no long-term debt outstanding as of December 31, 2009, 2008, or 2007. The only non-current liability related to accrued compensated absences.

**Budget Highlights and Future Projects of the District**

- The final phase of the ambulance barn is set to be completed at the end of August 2010.
- An EMS provider grant allowed the District to dramatically upgrade its equipment.
- The ambulance corps now has 30 volunteers, up from 9 three years ago.
- The District is considering converting from a Rural Health Center to a Federally Qualified Health Center.
- The District is participating with providers in Fremont and Pueblo counties to interface their electronic medical records.
- The Clinic is part of a national pilot program to become a "medical home". This is a pilot in five states and is funded by the Commonwealth Fund in Philadelphia.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

West Custer County Hospital District  
Attention: Finance Officer  
P.O. Box 120  
Westcliffe, Colorado 81252



**Basic Financial Statements**

**STATEMENTS OF NET ASSETS**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>
<b>Assets</b>			<b>Liabilities and Net Assets</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and equivalents	\$ 35,698	\$ 116,343	Accounts payable	\$ 49,370	\$ 39,365
Certificates of deposit	157,601	185,369	Accrued payroll taxes and employee benefits	3,993	3,917
Receivables, net of allowance	266,940	324,832	Accrued compensated absences	15,609	17,503
Grant receivable	25,995	715	Line of credit	91,000	-
Taxes receivable	3,322	3,864	Deferred property tax revenue - contra	437,049	401,205
Inventories	69,313	44,045			
Prepaid expenses	10,464	9,932			
Accrued property taxes - contra	437,049	401,205			
<b>Total Current Assets</b>	<u>1,006,382</u>	<u>1,086,305</u>	<b>Total Current Liabilities</b>	<u>597,021</u>	<u>461,990</u>
<b>Noncurrent Assets</b>					
Capital assets:			<b>Net Assets</b>		
Land	207,842	207,842	Invested in capital assets, net of related debt	1,565,045	1,600,010
Building and improvements	1,139,557	1,131,518	Restricted:		
Furniture and equipment	833,784	696,169	Emergency	40,600	59,100
Vehicles	369,389	369,389	Grant expenditures	17,200	67,172
Less accumulated depreciation	(985,527)	(804,908)	Unrestricted	351,561	498,043
<b>Total Noncurrent Assets</b>	<u>1,565,045</u>	<u>1,600,010</u>	<b>Total Net Assets as Restated</b>	<u>1,974,406</u>	<u>2,224,325</u>
<b>Total Assets</b>	<u>\$ 2,571,427</u>	<u>\$ 2,686,315</u>	<b>Total Liabilities and Net Assets</b>	<u>\$ 2,571,427</u>	<u>\$ 2,686,315</u>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**WEST CUSTER COUNTY HOSPITAL DISTRICT  
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Operating Revenues</b>		
Patient fees	\$ 816,684	\$ 860,004
Ambulance fees	310,889	349,847
HCBS fees	-	21,468
Therapy fees	147,899	92,070
X-Ray fees	20,560	22,181
Lab fees	89,797	81,989
Pharmacy fees	30,750	32,668
Optometry fees	9,894	8,481
Administrative adjustments	<u>(550,275)</u>	<u>(476,155)</u>
<b>Total Operating Revenues</b>	<u>876,198</u>	<u>992,553</u>
<b>Operating Expenses</b>		
Administration	427,544	436,002
Ambulance service	286,093	260,779
Central service and supply	176,990	187,168
HCBS	223	14,061
Laboratory	77,257	81,408
Maintenance and operation	63,916	60,306
Medical	658,827	594,551
Pharmacy	23,123	21,294
Therapy	71,478	46,593
X-Ray	21,093	13,231
Optometry	<u>11,575</u>	<u>4,287</u>
<b>Total Operating Expenses</b>	<u>1,818,119</u>	<u>1,719,680</u>
<b>Operating Loss</b>	<u>(941,921)</u>	<u>(727,127)</u>
<b>Nonoperating Revenue (Expenses)</b>		
General property tax	402,015	405,039
Specific ownership tax	51,883	54,333
Grant revenue	30,649	125,558
Investment income	4,599	13,354
Fundraising revenue	-	(532)
Gain (loss) on disposal of assets	-	(1,979)
Other non-operating revenue	30,136	8,177
Contributions	81,198	67,017
Treasurer collection fees	<u>(19,969)</u>	<u>(20,052)</u>
<b>Total Nonoperating Revenues</b>	<u>580,511</u>	<u>650,915</u>
<b>Income (Loss) Before Capital Contributions</b>	(361,410)	(76,212)
<b>Capital Contributions</b>	<u>111,491</u>	<u>293,199</u>
<b>Change in Net Assets</b>	(249,919)	216,987
<b>Total Net Assets - Beginning</b>	<u>2,224,325</u>	<u>2,007,338</u>
<b>Total Net Assets - Ending</b>	<u>\$ 1,974,406</u>	<u>\$ 2,224,325</u>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENTS OF CASH FLOWS**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 994,690	\$ 947,105
Cash payments to suppliers for goods and services	(712,845)	(657,281)
Cash payments to employees for services	(1,002,869)	(989,832)
<b>Net Cash Used by Operating Activities</b>	<u>(721,024)</u>	<u>(700,008)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Cash received from property taxes	454,440	460,171
Cash paid for treasurers fees	(19,969)	(20,052)
Cash received from contributions, grants, and fundraisers	111,567	192,110
Cash received from line of credit	130,170	-
Cash paid on line of credit	(39,170)	-
Other nonoperating revenue	30,136	8,177
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>667,174</u>	<u>640,406</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of capital assets	(145,654)	(383,497)
Cash received from capital grants	86,491	296,859
Proceeds from sale of capital assets	-	50,171
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(59,163)</u>	<u>(36,467)</u>
<b>Cash Flows from Investing Activities</b>		
Matured certificates of deposit	189,552	262,357
Purchased certificates of deposit	(163,059)	(159,931)
Investment income	5,875	14,003
<b>Net Cash Provided by Investing Activities</b>	<u>32,368</u>	<u>116,429</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(80,645)	20,360
<b>Cash and Cash Equivalents - Beginning</b>	<u>116,343</u>	<u>95,983</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 35,698</u>	<u>\$ 116,343</u>
<b>Supplemental Schedule of Cash Flow</b>		
Cash paid for interest	<u>\$ 375</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ (941,921)	\$ (727,127)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	180,618	147,613
<b>(Increase) decrease in:</b>		
Accounts receivable	57,892	(82,198)
Inventory	(25,268)	547
Prepaid expense	(532)	2,945
<b>Increase (decrease) in:</b>		
Accounts payable	10,005	(22,606)
Accrued expenses	(1,818)	(19,182)
<b>Net Cash Used by Operations</b>	<u>\$ (721,024)</u>	<u>\$ (700,008)</u>

The accompanying notes to financial statements are an integral part of this statement.

**Notes to Financial Statements**

**NOTES TO FINANCIAL STATEMENTS**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2009 and 2008

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**Note A - Summary of Significant Accounting Policies**

**Reporting Entity**

The West Custer County Hospital District is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local board of directors whose members are elected by the voters of the District. The formation of the District was approved by the voters in 1988, and it subsequently began operations on January 1, 1989. Prior to the formation of the District, medical services in Custer County were provided by the Custer County Medical Foundation, a non-profit organization. The Foundation transferred all its net assets to the District effective December 31, 1988 and was subsequently liquidated. The total net assets transferred at that time were \$127,224.

The District (the primary government) presents its financial statements in accordance with generally accepted accounting principles, as they apply to governmental units. The financial statements of the District consist only of its sole enterprise fund for medical services. The District has no other funds or account groups. There are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

As allowed by GASB, the district has elected not to apply FASB standards issued after November 30, 1989 for its proprietary fund, and has chosen to follow FASB standards issued on or before that date.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The primary source of revenue is patient and medical fees. Operating expenses are reported in functional categories for ambulance service, central service and supply, home care services, laboratory, maintenance and operation, medical, pharmacy, therapy, X-ray, and administrative expenses and include depreciation on capital assets. Other revenues or expenses not meeting this definition are treated as nonoperating revenues and expenses. The principal nonoperating revenues are property and ownership taxes and grant revenue. The principal nonoperating expenses of the District include treasurer collection fees.

All assets and liabilities, both current and noncurrent, are included in the statement of net assets of proprietary funds.

**Use of Estimates**

The use of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The statement of cash flows focuses on the change in cash and cash equivalents during the period. Cash equivalents are short-term, liquid investments (including restricted assets) that are quickly converted to known cash amounts and that have maturities of three months or less so as to minimize the risk of value changes.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
 December 31, 2009 and 2008

**Note A - Summary of Significant Policies (Continued)**

**Receivables**

All receivables are reported at their face value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Accounts receivable consists of the following at December 31:

	<b><u>2009</u></b>	<b><u>2008</u></b>
Patient fees, net of allowance for doubtful accounts of \$43,647 and \$42,375	\$ 142,244	\$ 150,152
Ambulance fees, net of allowance for doubtful accounts of \$15,050 and \$16,716	124,696	174,680
<b>Total Accounts Receivable</b>	<b><u>\$ 266,940</u></b>	<b><u>\$ 324,832</u></b>

**Inventory**

Purchased inventory of the District is stated at cost using the first in, first out method of determining inventory on hand. Physical counts were made of all inventory as of December 31, 2009 and 2008. Inventory was adjusted to reflect the amount determined by physical count.

**Capital Assets**

Land, building & equipment are stated at cost or, in the case of donated assets, at the fair market value on the date of donation.

Interest costs associated with the construction or purchase of land, building & equipment are capitalized if the amounts are material to the general purpose financial statements.

Buildings and equipment are depreciated using straight-line depreciation based upon the following useful lives:

Buildings and improvements	15 - 39 years
Furniture and equipment	3 - 5 years
Vehicles	7 years

**Property Taxes**

Property taxes are levied on January 1 based on the assessed value of property as listed on the previous June 30, and are payable in two equal payments before the last day of February and the 15th day of June or in one full payment before the last day of April. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

**Accounts Payable**

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to December 31.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2009 and 2008

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**Note A - Summary of Significant Policies (Continued)**

**Compensated Absences**

Vacation leave is earned on a monthly basis. The amount of vacation leave varies between five and fifteen days per year depending upon the number of years of continuous service provided by the employee. Employees are allowed to accumulate 120 hours per employee, which must be used by the end of the following calendar year, or it will be lost. Any unused, vested vacation time will be paid to the employee upon termination. Accrued vacation as of December 31, 2009 and 2008 was \$15,609 and \$17,503, respectively. The vacation accrual is considered a current liability.

The physician for the clinic earns paid time off under a separate contractual agreement. The current contract allows for 28 days per year. The total accrual at December 31, 2009 and 2008 is \$0 and \$0, respectively.

The District's sick leave policy provides for an unlimited accumulation of earned sick leave which varies between five and ten days per year depending upon the number of years of continuous service provided by the employee. However, sick leave does not vest. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for such risks, including workers' compensation. Settled claims resulting from these risks did not exceed commercial insurance coverage during 2009 or 2008.

**Concentration of Credit Risk**

The District grants credit without collateral to its clients, most of whom are local residents and are insured under third-party payer agreements. The District has adjusted accounts receivables for all known uncollectible accounts and maintains an allowance for doubtful accounts which is adjusted based on the District's collection experience.

**Deferred Compensation Plan**

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. Effective January 1, 1997, the District no longer has a fiduciary responsibility to the plan. The District has implemented the Governmental Accounting Standards Board (GASB) Statement #32.

**Note B - Stewardship, Compliance and Accountability**

**Tax, Revenue, Spending, and Debt Limitation**

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 imposes tax raising, revenue, spending, and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992.

In addition to the tax raising, revenue, spending, and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". To be used for declared emergencies only, each entity shall reserve 3% or more of its fiscal year spending excluding bonded debt service. For the years ended December 31, 2009 and 2008, the District has reserved \$40,600 and \$59,100, which represents 3% of fiscal year spending.



**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2009 and 2008

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**Note B - Stewardship, Compliance and Accountability (Continued)**

**Tax, Revenue, Spending, and Debt Limitation (Continued)**

On May 7, 1996, the District passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the District, without increasing or adding any taxes of any kind, to collect, retain, and expend all revenues and other funds collected during 1995 and thereafter. In addition, May 2, 2002, the voters approved an additional 2.113 mills to the property tax levy for the purpose of providing for additional staff and other operating costs.

**Budgetary Data**

Formal budgetary accounting is employed as a management control tool for the enterprise fund of the District. Annual operating budgets are adopted each year by approval of the Board of Directors. The Board of the District may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. Differences between the budgetary reporting basis and the generally accepted accounting principles (GAAP) basis used to reflect actual revenues and expenses are described below.

The financial statements report actual revenues and expenses on a generally accepted accounting principles (GAAP) basis which differs from the legally enacted budget basis. The differences are as follows:

1. Accruals for compensated absences are not recognized on the budgetary basis and are treated as expenses on the GAAP basis.
2. Capital expenditures are treated as expenses on the budgetary basis. On the GAAP basis, capital expenditures are not treated as expenses.

All appropriations lapse at the end of each year, and the District does not recognize encumbrances.

**Expenditures in Excess of Budget Amounts**

During the year ended December 31, 2009 the District incurred actual expenditures in excess of budget expenditures.

<u>Actual</u>	<u>Budget</u>	<u>Actual Over Budget</u>
\$ 1,985,635	\$ 1,684,379	\$ 301,256

Expenditures in excess of amounts budgeted and appropriated may be a violation of Colorado Local Government Budget Law.

**Grant Funding**

The District receives funding from Federal, State and foundation grants which may be subject to regulatory or other oversight by the granting agencies. Such oversight may include audit or other compliance procedures. Any adjustments made by a granting agency would become a liability to the District. There are no such proceedings presently in progress.

**Note C - Cash Deposits and Investments**

**Cash Deposits**

Colorado State statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC or FSLIC) on deposits held.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
 December 31, 2009 and 2008

**Note C - Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to the uninsured deposits. The State regulatory commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pool.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year end follows:

	<b><u>Carrying Amount</u></b>	<b><u>Less Than One Year</u></b>	<b><u>Less Than Five Years</u></b>
<b>Deposits:</b>			
Checking	\$ 35,347	\$ 35,347	\$ -
Certificates of deposits	157,601	-	157,601
Petty cash	351	351	-
<b>Total</b>	<b><u>\$ 193,299</u></b>	<b><u>\$ 35,698</u></b>	<b><u>\$ 157,601</u></b>

The District maintains cash in two different commercial banks, cash in these accounts at December 31, 2009 and at other times through out the year exceeded \$250,000.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments.

These include U.S. government and agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

**Interest Rate Risk** - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

**Credit Risk** - The District does not have a policy that would further limit its choices beyond the requirements of Colorado statutes.

The District did not hold any such investments at December 31, 2009 or 2008.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**WEST CUSTER COUNTY HOSPITAL DISTRICT**  
December 31, 2009 and 2008

**Note D - Property Tax and Accrual**

Property taxes which have been levied for 2009 which will not be collected until 2010 have been accrued as a receivable at December 31, 2009. An offsetting liability for deferred property tax revenue has been recorded on the balance sheet.

**Note E - Changes in Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2009.

	<b>December 31,</b> <b>2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31,</b> <b>2009</b>
Land	\$ 207,842	\$ -	\$ -	\$ 207,842
Building and improvements	1,131,518	8,039	-	1,139,557
Furniture and equipment	696,169	137,615	-	833,784
Vehicles	369,389	-	-	369,389
<b>Totals</b>	<b>\$ 2,404,918</b>	<b>\$ 145,654</b>	<b>\$ -</b>	<b>\$ 2,550,572</b>
Less depreciation	(804,908)			(985,527)
<b>Net Capital Assets</b>	<b>\$ 1,600,010</b>			<b>\$ 1,565,045</b>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$180,618 and \$147,613, respectively. Accumulated depreciation for the years ended December 31, 2009 and 2008 was \$985,527 and \$804,908, respectively.

**Note F - Line of Credit**

The District has a line of credit of \$138,000 with a stated interest rate of 3.70%. The line of credit expired October 28, 2009. The District has not renewed the agreement. However, they continue to make quarterly interest payments as required by the expired agreement. It is collateralized by a certificate of deposit held with the lender. As of December 31, 2009 and 2008 the balance was \$91,000 and \$0 respectively.

**Note G - Net Assets**

The basic financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in capital assets (net of related debt) is intended to reflect the portion of the net assets that are associated with non-liquid, capital assets, less outstanding capital asset related debt.

Restricted net assets are amounts that have third-party limitation on their use. As of December 31, 2009 and 2008 restricted net assets consisted of \$40,600 and \$59,100 for TABOR and \$17,200 and \$67,172 for grant awards from Colorado Health Foundation that had not been spent. The TABOR reserve represents 3% of fiscal year spending required by Amendment 1 (TABOR) for declared emergencies.

Unrestricted net assets are amounts that do not meet the definition of "invested in capital assets" or "restricted assets" and are available for the District's operations.

**Other Supplementary Information**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

**BUDGET BASIS - BUDGET AND ACTUAL**

**WEST CUSTER COUNTY HOSPITAL DISTRICT**

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>2009 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Patient fees (less administrative adjustments)	\$ 705,000	\$ 705,000	\$ 459,717	\$ (245,283)
Ambulance fees (less administrative adjustments)	227,850	227,850	124,152	(103,698)
HCBS fees (less administrative adjustments)	-	-	-	-
Therapy fees	70,000	70,000	147,899	77,899
X-Ray fees	17,000	17,000	20,560	3,560
Lab fees	90,732	90,732	89,797	(935)
Pharmacy fees	29,000	29,000	30,750	1,750
Optometry services	11,550	11,550	3,323	(8,227)
<b>Total Revenues</b>	<u>1,151,132</u>	<u>1,151,132</u>	<u>876,198</u>	<u>(274,934)</u>
<b>Nonoperating Revenues</b>				
General property tax	401,205	401,205	402,015	810
Specific ownership tax	54,000	54,000	51,883	(2,117)
Grant revenue	-	-	142,140	142,140
Investment income	18,000	18,000	4,599	(13,401)
Fundraising income	-	-	-	-
Supplies sold	500	500	-	(500)
Contributions	-	-	81,198	81,198
Loss on sale of equipment	-	-	-	-
Other non-operating revenue	6,444	6,444	30,136	23,692
<b>Total Nonoperating Revenues</b>	<u>480,149</u>	<u>480,149</u>	<u>711,971</u>	<u>231,822</u>
<b>Total Revenues</b>	<u>1,631,281</u>	<u>1,631,281</u>	<u>1,588,169</u>	<u>(43,112)</u>
<b>Operating Expenses</b>				
<b>Administration</b>				
Salaries and employee benefits	389,014	389,014	382,023	6,991
Payroll taxes	23,103	23,103	23,481	(378)
Supplies	5,000	5,000	10,493	(5,493)
Professional services	-	-	-	-
Marketing	10,000	10,000	9,804	196
Training	500	500	175	325
<b>Total Administration</b>	<u>427,617</u>	<u>427,617</u>	<u>425,976</u>	<u>1,641</u>
<b>Ambulance Service</b>				
Salaries and employee benefits	112,800	112,800	118,663	(5,863)
Payroll taxes	3,377	3,377	3,086	291
Supplies	24,000	24,000	1,924	22,076
Professional services	-	-	1,030	(1,030)
Marketing	-	-	149	(149)
Repairs and maintenance	3,800	3,800	2,381	1,419
Travel	2,400	2,400	6,203	(3,803)
Insurance	6,750	6,750	3,205	3,545
Rent	1,800	1,800	1,800	-
Training	2,500	2,500	10,215	(7,715)
Depreciation	78,324	78,324	89,874	(11,550)
Bad debts	21,000	21,000	39,000	(18,000)
Collection costs	3,000	3,000	2,442	558
Telephone	2,000	2,000	2,327	(327)
Utilities	4,800	4,800	3,794	1,006
<b>Total Ambulance Service</b>	<u>266,551</u>	<u>266,551</u>	<u>286,093</u>	<u>(19,542)</u>

The accompanying notes to financial statements are an integral part of this schedule.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGETARY BASIS -**

**BUDGET AND ACTUAL (Continued)**

**WEST CUSTER COUNTY HOSPITAL DISTRICT**

For the year ended December 31, 2009

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>2009 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Central Service and Supply</b>				
Supplies	\$ 4,000	\$ 4,000	\$ 4,889	\$ (889)
Repairs and maintenance	-	-	413	(413)
Telephone	9,500	9,500	10,828	(1,328)
Postage	3,000	3,000	3,757	(757)
Printing and election	-	-	-	-
Professional services	38,600	38,600	72,168	(33,568)
Collection costs	5,000	5,000	1,474	3,526
Travel	5,000	5,000	1,206	3,794
Insurance	8,300	8,300	7,498	802
Publicity, subscriptions, dues	3,000	3,000	9,274	(6,274)
Info. Tech.	2,000	2,000	-	2,000
Depreciation	35,181	35,181	35,436	(255)
Bad debts	18,000	18,000	21,600	(3,600)
Training	2,000	2,000	8,447	(6,447)
<b>Total Central and Supply</b>	<b>133,581</b>	<b>133,581</b>	<b>176,990</b>	<b>(43,409)</b>
<b>HCBS</b>				
Salaries and employee benefits	-	-	220	(220)
Payroll taxes	-	-	-	-
Contract labor	-	-	-	-
Billing	-	-	-	-
Supplies	-	-	3	(3)
<b>Total HCBS</b>	<b>-</b>	<b>-</b>	<b>223</b>	<b>(223)</b>
<b>Laboratory</b>				
Salaries	20,491	20,491	24,570	(4,079)
Payroll taxes	1,609	1,609	2,009	(400)
Supplies	35,740	35,740	33,948	1,792
Professional services	7,760	7,760	8,525	(765)
Depreciation	21,509	21,509	12,355	9,154
Repairs and maintenance	5,000	5,000	(4,150)	9,150
<b>Total Laboratory</b>	<b>92,109</b>	<b>92,109</b>	<b>77,257</b>	<b>14,852</b>
<b>Maintenance and Operation</b>				
Salaries	12,860	12,860	14,516	(1,656)
Payroll taxes	1,010	1,010	1,204	(194)
Supplies	2,500	2,500	3,655	(1,155)
Repairs and maintenance	2,700	2,700	1,623	1,077
Professional services	920	920	793	127
Depreciation	25,919	25,919	26,329	(410)
Utilities	14,000	14,000	15,569	(1,569)
<b>Total Maintenance and Operation</b>	<b>59,909</b>	<b>59,909</b>	<b>63,689</b>	<b>(3,780)</b>
<b>Medical</b>				
Salaries	464,204	464,204	463,025	1,179
Payroll taxes	20,077	20,077	20,725	(648)
Contract labor	-	-	5,463	(5,463)
Supplies	35,000	35,000	30,353	4,647
Immunization cost	-	-	22,702	(22,702)
Repairs and maintenance	1,000	1,000	1,668	(668)
Professional services	2,800	2,800	75,572	(72,772)
Insurance	21,270	21,270	21,965	(695)
Rent	6,300	6,300	8,946	(2,646)
Publicity, subscriptions, dues	1,000	1,000	2,907	(1,907)
Depreciation	3,111	3,111	5,364	(2,253)
Training and travel	4,000	4,000	3,989	11
<b>Total Medical</b>	<b>558,762</b>	<b>558,762</b>	<b>662,679</b>	<b>(103,917)</b>

The accompanying notes to financial statements are an integral part of this schedule.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGETARY BASIS -**

**BUDGET AND ACTUAL (Continued)**

WEST CUSTER COUNTY HOSPITAL DISTRICT

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>2009 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Pharmacy</b>				
Supplies	\$ 20,000	\$ 20,000	\$ 23,123	\$ (3,123)
<b>Total Pharmacy</b>	<u>20,000</u>	<u>20,000</u>	<u>23,123</u>	<u>(3,123)</u>
<b>Therapy</b>				
Salaries	38,160	38,160	64,198	(26,038)
Payroll taxes	2,857	2,857	4,903	(2,046)
Supplies	900	900	1,562	(662)
Training	-	-	-	-
Marketing	700	700	-	700
Depreciation	117	117	544	(427)
Travel	200	200	108	92
<b>Total Therapy</b>	<u>42,934</u>	<u>42,934</u>	<u>71,315</u>	<u>(28,381)</u>
<b>X-Ray</b>				
Salaries	5,123	5,123	5,808	(685)
Payroll taxes	402	402	461	(59)
Supplies	2,000	2,000	673	1,327
Repairs and maintenance	400	400	-	400
Professional services	2,700	2,700	6,009	(3,309)
Depreciation	8,142	8,142	8,142	-
Publicity, subscriptions, dues	1,000	1,000	-	1,000
<b>Total X-Ray</b>	<u>19,767</u>	<u>19,767</u>	<u>21,093</u>	<u>(1,326)</u>
<b>Optometry</b>				
Contract labor	9,000	9,000	9,000	-
Depreciation	2,598	2,598	2,575	23
<b>Total Optometry</b>	<u>11,598</u>	<u>11,598</u>	<u>11,575</u>	<u>23</u>
<b>Total Operating Expenses</b>	<u>1,632,828</u>	<u>1,632,828</u>	<u>1,820,013</u>	<u>(187,185)</u>
<b>Nonoperating Expenditures</b>				
Treasurer collection fees	20,060	20,060	19,969	91
Capital outlay	30,491	30,491	145,654	(115,163)
Other non operating	1,000	1,000	-	1,000
<b>Total Nonoperating Expenditures</b>	<u>51,551</u>	<u>51,551</u>	<u>165,623</u>	<u>(114,072)</u>
<b>Total Expenditures</b>	<u>1,684,379</u>	<u>1,684,379</u>	<u>1,985,636</u>	<u>(301,257)</u>
<b>Excess of Revenues Over (Under) Expenditures (Budgetary Basis)</b>	(53,098)	(53,098)	(397,467)	(344,369)
<b>Funds Available - Beginning of Year</b>	<u>318,100</u>	<u>318,100</u>	<u>1,568,627</u>	<u>1,250,527</u>
<b>Funds Available - End of Year</b>	<u>\$ 265,002</u>	<u>\$ 265,002</u>	<u>\$ 1,171,160</u>	<u>\$ 906,158</u>

The accompanying notes to financial statements are an integral part of this schedule.

**BUDGET RECONCILIATION**  
WEST CUSTER COUNTY HOSPITAL DISTRICT  
December 31, 2009

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**Reconciliation From Budgetary Basis to GAAP Basis of Accounting**

<b>Revenue (Budgetary and GAAP Basis )</b>	<b>\$ 1,588,169</b>
<b>Expenditures (Budgetary Basis)</b>	<b>1,985,636</b>
Plus:	
Bad debts	-
Depreciation	-
Less:	
Change in vacation leave accrual	(1,894)
Capital outlay	<u>(145,654)</u>
<b>Expenditures (GAAP Basis)</b>	<b><u>1,838,088</u></b>
<b>Net Income</b>	<b>\$ <u>(249,919)</u></b>

The accompanying notes to financial statements are an integral part of this schedule.



**SCHEDULES OF OPERATING EXPENSES - BY DEPARTMENT**

WEST CUSTER COUNTY HOSPITAL DISTRICT  
For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Administration</b>		
Salaries and employee benefits	\$ 383,591	\$ 376,189
Payroll taxes	23,481	23,496
Supplies	10,493	7,080
Marketing	9,804	29,065
Training	175	172
<b>Total Administration</b>	<u>427,544</u>	<u>436,002</u>
<b>Ambulance Service</b>		
Salaries and employee benefits	118,663	112,069
Payroll taxes	3,086	3,593
Supplies	1,924	33,833
Professional services	1,030	-
Marketing	149	293
Repairs and maintenance	2,381	4,563
Travel	6,203	3,690
Insurance	3,205	3,435
Rent	1,800	1,800
Training	10,215	4,712
Depreciation	89,874	62,166
Bad debts	39,000	21,000
Collection costs	2,442	3,040
Telephone	2,327	2,216
Utilities	3,794	4,369
<b>Total Ambulance Service</b>	<u>286,093</u>	<u>260,779</u>
<b>Central Service and Supply</b>		
Supplies	4,889	5,058
Repairs and maintenance	413	1,156
Telephone	10,828	10,107
Postage	3,757	2,782
Printing and election	-	710
Professional services	72,168	94,426
Collection costs	1,474	4,221
Travel	1,206	4,705
Insurance	7,498	7,512
Publicity, subscriptions, dues	9,274	3,116
Training	8,447	1,904
Depreciation	35,436	35,721
Bad debts	21,600	15,750
<b>Total Central and Supply</b>	<u>176,990</u>	<u>187,168</u>
<b>HCBS</b>		
Salaries and employee benefits	220	11,632
Payroll taxes	-	950
Contract labor	-	1,446
Billing	-	33
Supplies	3	-
<b>Total HCBS</b>	<u>223</u>	<u>14,061</u>

The accompanying notes to financial statements are an integral part of this schedule.

**SCHEDULES OF OPERATING EXPENSES - BY DEPARTMENT (Continued)**

WEST CUSTER COUNTY HOSPITAL DISTRICT  
For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Laboratory</b>		
Salaries	\$ 24,570	\$ 18,930
Payroll taxes	2,009	1,427
Supplies	33,948	34,879
Professional services	8,525	9,506
Repairs and maintenance	(4,150)	4,833
Depreciation	12,355	11,833
<b>Total Laboratory</b>	<u>77,257</u>	<u>81,408</u>
<b>Maintenance and Operation</b>		
Salaries	14,743	10,428
Payroll taxes	1,204	770
Supplies	3,655	2,290
Repairs and maintenance	1,623	3,833
Professional services	793	920
Utilities	15,569	16,010
Depreciation	26,329	26,055
<b>Total Maintenance and Operation</b>	<u>63,916</u>	<u>60,306</u>
<b>Medical</b>		
Salaries	459,173	461,365
Payroll taxes	20,725	21,486
Contract labor	5,463	7,380
Supplies	30,353	56,284
Immunization cost	22,702	6,003
Repairs and maintenance	1,668	677
Professional services	75,572	4,493
Insurance	21,965	20,968
Rent	8,946	6,563
Publicity, subscriptions, dues	2,907	1,591
Training and travel	3,989	4,835
Depreciation	5,364	2,906
<b>Total Medical</b>	<u>658,827</u>	<u>594,551</u>
<b>Pharmacy</b>		
Supplies	23,123	21,294
<b>Total Pharmacy</b>	<u>23,123</u>	<u>21,294</u>
<b>Therapy</b>		
Salaries	64,361	41,238
Payroll taxes	4,903	3,257
Supplies	1,562	974
Marketing	-	471
Training	-	179
Depreciation	544	117
Travel	108	357
<b>Total Therapy</b>	<u>71,478</u>	<u>46,593</u>

The accompanying notes to financial statements are an integral part of this schedule.

**SCHEDULES OF OPERATING EXPENSES - BY DEPARTMENT (Continued)**

WEST CUSTER COUNTY HOSPITAL DISTRICT  
For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>X-Ray</b>		
Salaries	5,808	2,147
Payroll taxes	461	149
Supplies	673	1,156
Repairs and maintenance	-	62
Professional services	6,009	1,291
Publicity, subscriptions, dues	-	898
Depreciation	8,142	7,528
<b>Total X-Ray</b>	<u>21,093</u>	<u>13,231</u>
<b>Optometry</b>		
Contract labor	9,000	3,000
Depreciation	2,575	1,287
<b>Total Optometry</b>	<u>11,575</u>	<u>4,287</u>
<b>Total Operating Expenses</b>	<u>\$ 1,818,119</u>	<u>\$ 1,719,680</u>

The accompanying notes to financial statements are an integral part of this schedule.