



Julie G. Wesseling, CPA
Financial Manager

January 30, 2008

Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

Re: Letter of Budget Transmittal

To Whom It May Concern:

Attached is a copy of the 2008 budget for the Telluride Hospital District dba Telluride Medical Center, in San Miguel County, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on December 14, 2007. If there are any questions on the budget, please contact Julie Wesseling at (970) 728-3848, P.O. Box 1229, Telluride, CO 81435.

I, Julie Wesseling, Financial Manager, hereby certify that the enclosed is a true and accurate copy of the 2008 Adopted Budget.

Respectfully submitted,

Julie G. Wesseling, CPA
Financial Manager

Telluride Hospital District
2008 Budget Package

Telluride Hospital District dba Telluride Medical Center Budget Message

As management of the Telluride Hospital District, dba Telluride Medical Center, we offer readers this narrative of the 2008 Budget. The budget is prepared on an accrual basis under GAAP and the operations of are effectively divided into two parts, the Telluride Medical Center and the Primary Care Practice. Since we are licensed as an EC/CC (Emergency Center and Community Clinic), the two business units are frequently labeled as 'EC' and 'PC', Telluride Medical Center and TMC – Primary Care, respectively. The District will release an updated strategic plan in early 2008.

The mission of the Telluride Medical Center is to provide the highest level of care in the region and to this point they are moving forward with a number of initiatives to improve healthcare in the Telluride region. Other highlights from 2007 include the pursuit of a new facility and creating a charitable foundation. Management also established a new business unit in 2007 called the Institute for Altitude Medicine (IFAM), a nonprofit corporation created primarily for the research and treatment of altitude sickness. TMC successfully established an affiliation with St. Mary's Hospital and Medical Center.

Telluride Hospital District (THD) - District Accounting

THD's main purpose was redefined in 2008 in order to more clearly show the operations of each business unit. District accounting requirements, broad based grants not specific to a business unit and expenses driven by the Board of Directors will be accounted for in the THD business unit. Previously, this entity handled the general obligation bonds and the administration of the Telluride Hospital District. The District paid the final payment on the general obligation bond in December of 2007. A capital reserve was established and will be funded through general revenue and a capital donation campaign.

Telluride Medical Center (EC)

The budget assumes that net revenue will remain relatively flat in 2008 due to economic conditions. On the other hand, the cost of services and operating expenses are projected to grow 12% primarily due to the alignment of staff wages and benefits to industry standards. The Emergency Center re-credentialed itself as a Level V Trauma Center in the State of Colorado in November 2007.

TMC – Primary Care (PC)

The budget assumes that net revenues will grow 12% in 2008. The Primary Care was successful in the transition to a private practice model last year and continues to develop patient care standards. Also, the Primary Care Practice was successful in establishing the Rural Health Center (RHC) status with Trailblazers, the Medicare contractor.

Institute For Altitude Medicine (IFAM)

This is the first annual budget presented for this startup business unit whose mission is to conduct research and education on the effects of high altitude on human performance and quality of life. The resources necessary to operate IFAM will be derived from revenue generated from services provided, individual donations and funds acquired from local, state, and national grants. This budget reflects a subsidy of \$100,000 annually from THD.

Financial Information

Telluride Hospital District
Final 2008 Budget

2008 Total Budget

	Budget 2008				Forecasted 2007				Actual 2006					
	EC	PC	IFAM	THD	Total	EC	PC	IFAM	THD	Total	EC	PC	THD	Total
Visits	3,233	12,096				3,233	11,349				3,675	9,529		
Average Charges per Visit	\$ 740	\$ 180				\$ 723	\$ 154				\$ 553	\$ 132		
CT's	388	182				347	147				315	121		
Average CT Charge	\$ 943	\$ 1,065				\$ 858	\$ 931				\$ 791	\$ 740		
XRay Exams	1,664	922				1,574	801				1,740	741		
XRay Charges	\$ 100	\$ 104				\$ 95	\$ 91				\$ 79	\$ 73		
Consults		121	84											
Consult	\$ 125	\$ 150												
Specialist Xray Exams		414						395						
Specialist Xray Charges	\$ 42					\$		40						
Ultrasound Exams			112											
Ultrasound Exams		\$ 300												
Sleep Studies			29											
Sleep Studies		\$ 1,200												
Stress Tests			89											
Stress Tests		\$ 250												
Pulmonary Function Tests			33											
Pulmonary Function Tests		\$ 200												
Patient Revenue														
4000 - Patient Revenue Total	\$ 2,924,704	\$ 2,474,710	\$ 109,850	\$ (170,000)	\$ 5,339,264	\$ 2,783,641	\$ 2,212,174	\$ 11,700	\$ -	\$ 5,007,515	\$ 2,233,710	\$ 1,406,760	\$ -	\$ 3,640,470
4100 - Revenue Deductions Total	(990,764)	(719,812)	(31,857)	-	(1,742,433)	(967,184)	(688,373)	-	-	(1,635,556)	(589,323)	(347,594)	-	(936,917)
4300 - Other Operating Income Total	3,000	17,388			20,388	3,000	34,357			37,357	16,624	18,638		35,462
Net Patient Revenue	1,936,940	1,772,286	78,766	(170,000)	3,617,982	1,819,457	1,578,158	11,700	-	3,409,315	1,661,012	1,078,003	-	2,739,015
5000 - TMC Contract Physicians Total	850,000	-	366,840	-	1,216,840	820,000	1,000	28,500	-	849,500	780,000	855	-	780,855
5030 - Clinic Physicians	6,000	331,611	-	-	337,611	6,000	323,174	-	-	329,174	6,000	213,227	-	213,227
5150 - Mid Level Salaries Total	43,486	143,308	-	-	186,774	43,168	124,223	-	-	167,391	32,400	126,268	-	158,668
5160 - RN Salaries Total	457,745	-	-	-	457,745	403,354	-	-	-	403,354	370,134	-	-	370,134
5170 - Red Tech Salaries Total	322,486	-	-	-	322,486	229,388	16,760	-	-	246,148	207,548	20,910	-	228,458
5180 - CNA / MA Salaries Total	829,697	112,408	-	-	1,124,408	678,910	570,657	-	-	1,252,267	610,082	435,811	-	1,045,893
5100 - Back Office Salaries		587,327	-	-	1,417,024	678,910	570,657	-	-	1,252,267	610,082	435,811	-	1,045,893
5100 - Back Office Salaries Total	1,679,697	587,327	366,840	-	2,633,864	1,498,910	571,657	28,500	-	2,101,767	1,390,082	436,666	-	1,826,748
5300 - Back Office Benefits Total	257,243	1,184,959	(288,084)	(170,000)	984,118	320,547	1,006,501	(16,800)	-	1,307,548	270,930	641,338	-	912,267
Total Cost of Services	368,598	368,598	47,569	-	784,765	337,476	286,635	15,500	-	639,610	271,832	188,893	-	460,724
Gross Profit	321,927	231,882	12,931	-	566,740	207,500	183,500	4,335	-	395,335	148,690	111,103	-	259,793
6000 - Administrative Wages & Salaries Total	118,571	123,803	28,516	46,500	363,890	203,265	175,765	26,000	-	405,029	178,509	100,072	330	278,911
6100 - Employee Benefits Total	148,047	95,083	-	-	243,130	137,924	86,786	-	-	224,690	132,861	71,589	-	204,450
6300 - Professional & Consulting Fees Total	67,515	67,518	7,500	-	142,533	76,986	54,725	2,384	-	136,095	79,396	50,584	-	129,970
6400 - Materials and Supplies Total	111,984	51,984	2,000	-	165,968	214,603	70,021	489	-	285,113	104,538	42,679	-	147,216
6500 - Utilities & Support Services Total	19,200	19,200	-	-	38,400	19,335	15,525	-	-	34,861	21,238	11,932	-	33,170
6600 - Repairs and Maintenance Total	28,450	28,450	1,400	-	58,300	19,833	51,139	-	10,000	80,972	22,614	15,508	11,067	49,189
6700 - Property Tax - Idaho Total	56,636	96,556	41,000	97,613	291,805	395,569	112,812	5,415	5,360	519,156	98,313	58,451	7,106	163,870
6750 - Insurance Total	67,350	67,350	12,000	-	146,700	104,242	45,882	-	1,797	151,922	93,859	46,641	1,881	142,381
6800 - Advertising, Bank Chrg, Travel Total	1,308,278	1,150,424	152,916	144,113	2,755,731	1,716,733	1,082,769	54,123	17,158	2,872,783	1,151,838	697,451	20,385	1,869,675
7000 - Depreciation & Amortization Total	(1,051,035)	34,535	(441,000)	(314,113)	(1,771,613)	(1,398,186)	(76,268)	(70,923)	(17,158)	(1,562,535)	(880,908)	(56,114)	(20,385)	(957,407)
Total Operating Expense	1,936,940	1,772,286	78,766	(170,000)	3,617,982	1,819,457	1,578,158	11,700	-	3,409,315	1,661,012	1,078,003	-	2,739,015
Profit/Loss from Operations	1,051,035	34,535	(441,000)	(314,113)	(1,771,613)	(1,398,186)	(76,268)	(70,923)	(17,158)	(1,562,535)	(880,908)	(56,114)	(20,385)	(957,407)
Other Income														
8000 - Mill Levy Income				1,751,654	1,751,654	1,525,456	157,816	100,000	-	1,525,456	1,530,199	-	-	1,530,199
Grant Income - THD														
8001 - Bond Mill Levy Income														
8100 - Grant Income	90,000	120,000	100,000	100,000	310,000	23,360	78,257	-	190,514	190,514	-	-	191,576	191,576
8200 - Contribution Income						31,433	31,525	-	-	62,958	50,806	35,369	-	86,974
8300 - Contributions restricted														
8700 - Rent-Consultants Total		15,125	-	-	15,125	-	19,138	-	-	19,138	-	27,282	-	27,282
Total Rent from Visiting Specialist														
8850 - Interest Income				25,000	25,000	18,000	9,000	-	4,508	19,138	10,065	2,240	-	27,282
Total Other Income				1,926,654	2,372,779	1,595,249	295,736	100,000	195,022	2,189,007	1,604,265	87,575	195,089	1,886,929
Total														

Teilurde Hospital District
Final 2008 Budget

2008 Total Budget

	Budget 2008			Total
	PC	IFAM	THD	
EC	-	-	-	-
9030 - Loss on Equipment Total	-	-	-	-
9010 - Interest Expense Total	-	-	-	-
Total Interest Expense & Other	-	-	-	-
Net Margin	139,660	(100,000)	1,612,541	601,166

	Forecasted 2007			Total
	PC	IFAM	THD	
EC	417	417	417	1,251
9030 - Loss on Equipment Total	-	-	-	-
9010 - Interest Expense Total	417	417	5,056	5,890
Total Interest Expense & Other	417	417	5,056	5,890
Net Margin	199,646	219,050	29,077	447,773

	Actual 2006			Total
	EC	PC	THD	
EC	12,191	12,192	-	24,383
9030 - Loss on Equipment Total	3,082	7,183	11,727	21,992
9010 - Interest Expense Total	15,273	19,375	11,727	46,375
Total Interest Expense & Other	15,273	19,375	11,727	46,375
Net Margin	708,084	12,086	162,977	883,147

Resolutions

RESOLUTION TO SET MILL LEVIES

A RESOLUTION LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2007, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE TELLURIDE HOSPITAL DISTRICT, COLORADO, FOR THE 2008 BUDGET YEAR.

WHEREAS, the Board of Directors of the Telluride Hospital District has adopted the annual budget in accordance with the Local Government Budget Law, on December 14, 2007 and;

WHEREAS, the amount of money necessary to provide supplemental funding to the District for the operating and maintenance expenses of the Telluride Medical Center and other district facilities including the 24 hour emergency service is \$764,580, and:

WHEREAS, the amount of money necessary specifically for the purpose of operating and maintaining a 24 hour emergency care facility, is \$979,428, and:

WHEREAS, the county assessor reports the amount of revenue from property tax that the District did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The District was due the revenue and will levy a mill to collect the \$7,646 in refund/abatement revenue.

WHEREAS, the amount of money necessary to meet obligations pursuant to Sections 29-1-301(1.2) and 29-1-302(1.5) for capital expenditures is \$0 (zero), and;

WHEREAS, the 2007 valuation for assessment for the Telluride Hospital District, as certified by the County Assessor, is \$764,580,460;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TELLURIDE HOSPITAL DISTRICT, COLORADO:

Section 1. That for the purpose of supplementing the operating and maintenance expenses of the Telluride Medical Center and any other District facility during the 2008 budget year, there is hereby levied a tax of **1.000 mills** upon each dollar of the total valuation for assessment of all taxable property with in the District for the year of 2007.

Section 2. That for the purpose of operating and maintaining a 24 hour emergency care facility for Telluride Hospital District during the 2008 budget year, there is hereby levied a tax of **1.281 mills** upon each dollar of the total

valuation for assessment of all taxable property within the District for the year 2006.

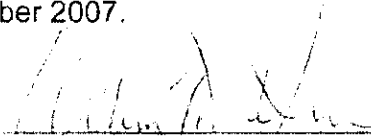
Section 3. That since the mill levy specifically designated for 24 hour emergency service isn't sufficient to cover the requirements of the 24 hour emergency service, the revenue from the supplemental operating and maintenance be allocated to cover the remaining 2008 requirements of the 24 hour emergency service.

Section 4. That since the county assessor reported that the District did not receive amounts of revenue from property tax in the prior year due to refund/abatement, the Telluride Hospital District during the 2008 budget year, hereby levies a tax of **.01 mills** upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2007.

Section 5. That for the purpose of meeting all the approved capital expenditures of the Telluride Hospital District during the 2008 budget year, there is hereby levied a tax of 0 (zero) mills upon each dollar of the total valuation for assessment within the District for the year 2007.


Section 6. That Julie Wesseling, the Financial Manager of the Telluride Hospital District, is hereby authorized and directed to immediately certify to the County Commissioners of San Miguel County, Colorado, the mill levies for the Telluride Hospital District as hereinabove determined and set.

ADOPTED this fourteenth day of December 2007.



William F. Grun, President
Board of Directors
Telluride Hospital District

ATTEST:



Alexandra Dujardin, Secretary
Board of Directors
Telluride Hospital District

RESOLUTION TO ADOPT BUDGET

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE TELLURIDE HOSPITAL DISTRICT, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2008 AND ENDING ON THE LAST DAY OF DECEMBER, 2008.

WHEREAS, THE BOARD OF DIRECTORS OF THE TELLURIDE DISTRICT has appointed JULIE WESSELING, FINANCIAL MANAGER to prepare and submit a proposed budget to said governing body at the proper time, and;

WHEREAS, Julie Wesseling has submitted a proposed budget to this governing body on September 12, 2007 for its consideration, and;

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection to the public at a designated place, a public hearing was held on October 15, 2006 and November 27, 2007; and interested taxpayers were given the opportunity to file or register any objections to said proposed budget, and;

WHEREAS, any changes to revenues and expenditures were done in order to comply with any applicable revenue and other budgetary limits.

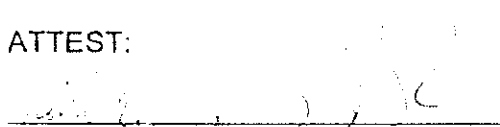
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TELLURIDE HOSPITAL DISTRICT, COLORADO:

That the budget herein attached and summarized by department, hereby is approved and adopted as the budget of the TELLURIDE HOSPITAL DISTRICT for the year stated above.

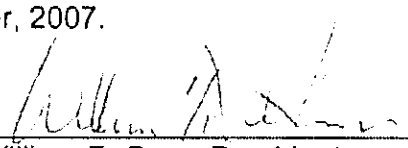
That the budget hereby approved and adopted shall be signed by THE PRESIDENT AND SECRETARY and made a part of the public records of the County District.

ADOPTED this fourteenth day of December, 2007.

ATTEST:



Alexandra Dujardin, Secretary
Board of Directors
Telluride Hospital District



William F. Grun, President
Board of Directors
Telluride Hospital District

RESOLUTION TO APPROPRIATE SUMS OF MONEY

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS, IN THE AMOUNTS AND FOR THE PURPOSE AS SET FORTH BELOW FOR THE TELLURIDE HOSPITAL DISTRICT, COLORADO, FOR THE 2008 BUDGET YEAR.

WHEREAS, the Telluride Hospital District has adopted the annual budget in accordance with the Local Government Budget Law, on December 14, 2007 and;

WHEREAS, the Telluride Hospital District has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget, and;

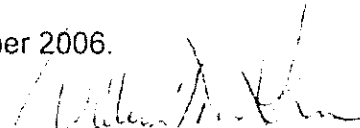
WHEREAS, it is not only required by law, but also necessary to appropriate the revenues and reserves or fund balances provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the Telluride Hospital District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE TELLURIDE HOSPITAL DISTRICT, COLORADO:

Section 1. That the following sums are hereby appropriated from the revenue of each fund, to each fund, for purposes stated:

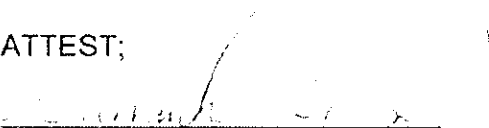
FUND	FUND TOTALS
General Fund Expenditures (Emergency Center), which includes the payment of the lease obligations to Canon and Key Equipment	\$ 4,488,358
Family Practice Fund (Tabor Enterprise), which includes the payment of the lease obligation to Canon Key Equipment	\$ 2,384,710
Institute For Altitude Medicine	\$ 441,000
TOTAL	\$ 7,314,068

ADOPTED this fourteenth day of December 2006.



William F. Grun, President
Board of Directors
Telluride Hospital District

ATTEST;



Alexandra Dujardin, Secretary
Board of Directors
Telluride Hospital District

RESOLUTION FOR SUPPLEMENTAL BUDGET and APPROPRIATION

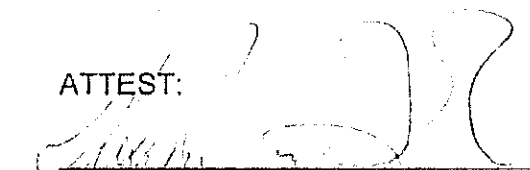
A Resolution appropriating additional sums of money to defray expenses in excess of amounts budgeted for the Telluride Hospital District, Colorado.

NOW THEREFORE, be it resolved/ordained by the Board of Directors of the Telluride Hospital District, Colorado;

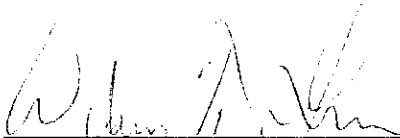
To appropriate by transfer \$175,000 (not to exceed 10% of total Primary Care revenues for Enterprise status) from the Emergency Center General Fund revenue to the Primary Care Enterprise Fund to support the mandate that the Telluride Medical Center provides medical services to all patients regardless of their ability to pay.

ADOPTED this fourteenth day of December 2007.

ATTEST:



Alexandra Dujardin, Secretary
Board of Directors
Telluride Hospital District



William F. Grun, President
Board of Directors
Telluride Hospital District