Rangely Hospital District
doing business as
Rangely District Hospital

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2022 and 2021

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Rangely Hospital District
doing business as Rangely District Hospital
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DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rangely Hospital District
doing business as Rangely District Hospital
Rangely, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rangely Hospital District doing business as Rangely District Hospital (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Matter

Prior Year (December 31, 2021) Auditors' Report

The financial statements of the District as of and for the year ended December 31, 2021, were audited by Chadwick, Steinkirchner, Davis, & Co., P.C., whose report dated September 20, 2022, expressed an unmodified opinion on those statements.

12015 East Main Avenue | Spokane Valley, WA 99206 | 509.242.0874 | www.dzacpa.com

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of budget and actual revenues and expenses, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the year ended December 31, 2022. Chadwick, Steinkirchner, Davis & Co., P.C. issued a similar report for the year ended December 31, 2021, dated September 20, 2022, which has not been included with the 2022 financial compliance report. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 25, 2023

Rangely Hospital District
doing business as Rangely District Hospital
Statements of Net Position
December 31, 2022 and 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021
Current assets		
Cash and cash equivalents	**$ 11,069,610**	$ 12,520,708
Receivables:		
Patient accounts, net	**1,569,165**	859,679
Property taxes	**6,817,980**	6,214,373
Other	**394,985**	95,533
Estimated third-party payor settlements	**197,221**	**-**
Inventories	**690,479**	616,956
Prepaid expenses	**376,461**	301,120
Total current assets	**21,115,901**	20,608,369
Noncurrent assets		
Assets limited as to use, cash and cash equivalents	**548,818**	532,908
Investment in Healthcare Management LLC	**67,563**	84,214
Capital assets, net	**18,837,839**	18,539,912
Total noncurrent assets	**19,454,220**	19,157,034
Total assets	**40,570,121**	39,765,403
Deferred outflows of resources, deferred charge on debt refunding	**286,086**	373,155
Total assets and deferred outflows of resources	**$ 40,856,207**	$ 40,138,558

See accompanying notes to basic financial statements.

Rangely Hospital District
doing business as Rangely District Hospital
Statements of Net Position (Continued)
December 31, 2022 and 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2022	2021
Current liabilities		
Accounts payable	**$ 951,836**	$ 530,660
Capital accounts payable	**226,095**	-
Accrued compensation and related liabilities	**833,287**	881,859
Current maturities of long-term debt and lease liabilities	**3,015,873**	2,885,182
Unearned revenues	**22,143**	945,238
Interest payable	**25,679**	80,584
Estimated third-party payor settlements	**-**	36,454
Total current liabilities	**5,074,913**	5,359,977
Noncurrent liabilities		
Long-term debt and lease liabilities, net of current maturities	**8,203,826**	10,805,975
Total liabilities	**13,278,739**	16,165,952
Deferred inflows of resources, property taxes	**6,817,980**	6,214,373
Total liabilities and deferred inflows of resources	**20,096,719**	22,380,325
Net position		
Net investment in capital assets	**7,652,452**	5,141,326
Unrestricted	**12,579,265**	12,099,182
Restricted	**527,771**	517,725
Total net position	**20,759,488**	17,758,233
Total liabilities, deferred inflows of resources, and net position	**$ 40,856,207**	$ 40,138,558

See accompanying notes to basic financial statements.

Rangely Hospital District
doing business as Rangely District Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenues		
Net patient service revenue	**$ 16,297,041**	$ 14,524,476
Other	**351,237**	163,302
Total operating revenues	**16,648,278**	14,687,778
Operating expenses		
Salaries and wages	**8,326,326**	7,484,691
Employee benefits	**2,786,146**	2,505,923
Professional fees and other purchased services	**3,082,808**	3,182,296
Supplies	**3,081,281**	2,428,181
Depreciation and amortization	**2,057,446**	1,966,379
Utilities	**345,001**	331,318
Repairs and maintenance	**191,398**	112,421
Other	**721,077**	625,611
Total operating expenses	**20,591,483**	18,636,820
Operating loss	**(3,943,205)**	(3,949,042)
Nonoperating revenues (expenses)		
Property taxes	**6,438,482**	7,208,553
CARES Act Provider Relief Fund	**651,203**	1,447,669
Grants and contributions	**446,912**	71,509
Investment income	**9,470**	(4,729)
Tax collection expense	**(312,767)**	(347,029)
Interest expense	**(288,840)**	(529,270)
Total nonoperating revenues	**6,944,460**	7,846,703
Change in net position	**3,001,255**	3,897,661
Net position, beginning of year	**17,758,233**	13,860,572
Net position, end of year	**$ 20,759,488**	$ 17,758,233

See accompanying notes to basic financial statements.

Rangely Hospital District
doing business as Rangely District Hospital
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Cash received from and on behalf of patients	**$ 15,353,880**	$ 13,498,340
Cash received from other revenue	**187,997**	159,857
Payments to and on behalf of employees	**(11,161,044)**	(9,940,073)
Payments to suppliers and contractors	**(7,149,254)**	(6,648,467)
Net cash from operating activities	**(2,768,421)**	(2,930,343)
Cash flows from noncapital financing activities		
Property taxes for maintenance and operations	**3,189,319**	3,487,527
Repayments of CARES Act Provider Relief Fund	**-**	(1,590,468)
Proceeds from grants and contributions	**62,609**	288,019
Payments for tax collection	**(312,767)**	(347,029)
Net cash from noncapital financing activities	**2,939,161**	1,838,049
Cash flows from capital and related financing activities		
Purchase of capital assets	**(1,660,241)**	(469,385)
Principal paid on long-term debt and lease liability	**(2,964,295)**	(20,146,777)
Interest paid on long-term debt and lease liability	**(256,676)**	(918,173)
Payments for debt issuance costs	**-**	(97,323)
Property taxes for bond principal and interest	**3,249,163**	3,721,026
Proceeds from the issuance of long-term debt	**-**	13,650,000
Net cash from capital and related financing activities	**(1,632,049)**	(4,260,632)
Cash flows from investing activities		
Investment income	**26,121**	30,170
Net change in cash and cash equivalents	**(1,435,188)**	(5,322,756)
Cash and cash equivalents, beginning of year	**13,053,616**	18,376,372
Cash and cash equivalents, end of year	**$ 11,618,428**	$ 13,053,616

See accompanying notes to basic financial statements.

Rangely Hospital District
doing business as Rangely District Hospital
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents in current assets	**$ 11,069,610**	$ 12,520,708
Assets limited as to use, cash and cash equivalents	**548,818**	532,908
Total cash and cash equivalents	**$ 11,618,428**	$ 13,053,616
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating loss	**$ (3,943,205)**	$ (3,949,042)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	**2,057,446**	1,966,379
Provision for bad debts	**104,989**	355,360
Disposal of capital assets	**23,800**	6,976
(Increase) decrease in assets:		
Receivables:		
Patient accounts receivable, net	**(814,475)**	(543,878)
Estimated third-party payor settlements	**(197,221)**	-
Other	**(187,040)**	(10,421)
Inventories	**(73,524)**	(24,268)
Prepaid expenses	**(75,341)**	(41,327)
Increase (decrease) in liabilities:		
Accounts payable	**421,176**	96,956
Accrued compensation and related liabilities	**(48,572)**	50,541
Estimated third-party payor settlements	**(36,454)**	(837,619)
Net cash provided by operating activities	**$ (2,768,421)**	$ (2,930,343)

Noncash capital financing activities

During the year ended December 31, 2022, the District implemented Governmental Accounting Standards Board Statement No. 87, *Leases*, which resulted in recognizing seven new lease right-of-use assets and liabilities totaling $492,837.

See accompanying notes to basic financial statements.

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Rangely Hospital District was created in 1959 and is doing business as the Rangely District Hospital (the District). The 25 bed CAH provides the following services: emergency room, in-patient care, out-patient care, clinic, laboratory, occupational health, respiratory therapy, physical therapy, radiology, home health, pharmacy, long-term care, procedure center, ambulance, and assisted living. The District operates under laws of the state of Colorado and by an elected five-member board. As organized, the District is exempt from payment of federal income taxes. The District is not a component unit of another government entity. The District does not have any material component units.

b. Summary of Significant Accounting Policies

Use of estimates **–** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise fund accounting **–** The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents **–** Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Inventories **–** Supply inventories are stated at cost, determined using the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operations of the District.

Prepaid expenses **–** Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit of the related expense.

Assets limited as to use **–** Assets limited as to use include assets reserved for debt service, assets designated by the Board for capital asset acquisitions, and an externally restricted scholarship endowment fund.

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Capital assets **–** It is the District's policy to capitalize property and equipment over $5,000 and a useful life of at least one year; lesser amounts are expensed. Such assets, other than lease assets, are recorded at historical cost if purchased or contracted. Donated capital assets are stated at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations as incurred. Lease assets are stated at the present value of the future lease payments plus any payments made at or before the start of the lease and costs to place the asset in service. Lease assets are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the assets. Gains or losses on sale of retirements are included in nonoperating revenues and expenses. Depreciation is provided over the estimated useful lives of assets as determined from the American Hospital Associations published tables and management's estimate by the straight-line method using these asset lives:

Estimated useful lives are as follows:

Land improvements	5 to 40 years
Buildings and improvements	5 to 40 years
Major moveable equipment	3 to 20 years
Lease right-of-use assets:	
Equipment	3 to 10 years

Compensated absences **–** The District's policies permit most employees to accumulate benefits for paid time off (PTO). The expense and the related liability are recognized as PTO benefits and are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay rate in effect at the statement of net position dates plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date. PTO hours accrue up to 168 hours per year for employees with up to 59 months of service, up to 208 hours for 60-119 months of service, and up to 248 hours for 120 months of service and above. The maximum number of PTO hours that an employee can carry forward from one year to the next is 320 hours for those with up to 119 months of service and 400 hours for those with 120 months of service and above.

Net position **–** Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted.*

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Operating revenues and expenses – The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the District's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

Grants and contributions – From time to time, the District receives grants from the state of Colorado and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted for capital acquisitions are reported after nonoperating revenues and expenses. Grants that are restricted for specific projects or purposes related to the District's operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Upcoming accounting standard pronouncements – In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this statement are to (1) define a subscription based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-of-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. The new guidance is effective for the District's year ending December 31, 2023. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

Change in accounting principle – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The District adopted Statement No. 87 during the year ended December 31, 2022. See Notes 5 and 6 for additional information on the leases and related right-of-use assets recorded by the District.

The District did not restate the financial statements for the year ended December 31, 2021, for Statement No. 87 due to insufficient resources available to do so and due to management's determination that the restatement would not provide significant benefit to the financial statement users.

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Reclassifications – Certain amounts have been reclassified in the 2021 financial statements in order to be consistent with the 2022 financial statements. These reclassifications had no effect on previously reported change in net position.

Subsequent events – The District has evaluated subsequent events and transactions through July 25, 2023, the date on which the financial statements were available to be issued.

2. Deposits and Investments:

Deposits – Under Colorado State statute, the Commercial Bank Code Public Deposit Protection Act of 1989 (PDPA) protects public funds held in bank deposit accounts in the event that the bank holding the public deposits becomes insolvent. As defined by the PDPA, deposit accounts include checking, savings, bank money market, and certificate of deposit accounts. Banks must deliver bank assets (usually securities) to a third-party institution, which are pledged to the Colorado Division of Banking, for all Colorado public depositors.

The District's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation or by deposits collateralized by securities not held in the District's name under the PDPA.

Custodial credit risk is the risk that, in the event of a depository institution failure, the District's deposits may not be returned.

Investments – Colorado State statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, banker's acceptance notes, commercial paper, repurchase agreements, money market funds, and guaranteed investment contracts. All investments must be held by the District, in its name, or in custody of a third-party on behalf of the local government.

At December 31, 2022 and 2021, the District had $118,346 and $111,121, respectively, invested in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLORTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2022, the District's investment in COLOTRUST was rated AAAm by Standard & Poor's.

2. Deposits and Investments (continued):

Investments (continued) – The District is a founding member of Western Healthcare Alliance, a group of rural hospitals, in 1989 through that organization became an owner of Healthcare Management, LLC (the Company) in 1993. The company provides collection agency services through A-1 Collections and healthcare consulting services through Western Healthcare Alliance. The District has a 1.03 percent Equity Interest in the LLC. The Equity Interest value is approximately $68,000 and $84,000 as of December 31, 2022 and 2021, respectively, based on K-1 information.

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted, is charged off against the allowance for uncollectible accounts.

The District's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the District were as follows:

		2022		2021
Receivable from patients and their insurance carriers	**$**	**2,074,558**	$	1,698,891
Receivable from Medicare		**614,180**		293,219
Receivable from Medicaid		**159,684**		101,190
Total patient accounts receivable		**2,848,422**		2,093,300
Less allowance for uncollectible accounts		**(1,279,257)**		(1,233,621)
Patient accounts receivable, net	**$**	**1,569,165**	$	859,679

4. Assets Limited as to Use:

The composition of assets limited as to use reported by the District consisted of the following amounts:

	2022	2021
Noncurrent assets		
Cash and cash equivalents:		
Debt service funds	**$ 483,176**	$ 473,757
Donor restricted funds	**44,595**	43,968
Board designated funds	**21,047**	15,183
Total assets limited as to use	**$ 548,818**	$ 532,908

5. Capital Assets:

Capital asset additions, retirements, transfers, and balances reported by the District were as follows:

	Balance December 31, 2021	Additions	Retirements	Transfers	Balance December 31, 2022
Capital assets not being depreciated or amortized					
Land	$ 463,118	$ -	$ -	$ -	**$ 463,118**
Construction in progress	65,562	1,567,783	-	-	**1,633,345**
Total capital assets not being depreciated or amortized	528,680	1,567,783	-	-	**2,096,463**
Capital assets being depreciated or amortized					
Land improvements	602,458	-	-	-	**602,458**
Buildings and improvements	31,675,286	78,400	-	-	**31,753,686**
Major movable equipment	11,491,963	240,153	(234,147)	(102,765)	**11,395,204**
Lease right-of-use assets - equipment	-	492,837	-	102,765	**595,602**
Total capital assets being depreciated or amortized	43,769,707	811,390	(234,147)	-	**44,346,950**
Less accumulated depreciation and amortization for					
Land improvements	512,820	58,276	-	-	**571,096**
Buildings and improvements	15,494,211	1,364,761	-	-	**16,858,972**
Major movable equipment	9,751,444	516,859	(210,347)	(62,801)	**9,995,155**
Lease right-of-use assets - equipment	-	117,550	-	62,801	**180,351**
Total accumulated depreciation and amortization	25,758,475	2,057,446	(210,347)	-	**27,605,574**
Total capital assets being depreciated or amortized	18,011,232	(1,246,056)	(23,800)	-	**16,741,376**
Capital assets, net	**$ 18,539,912**	**$ 321,727**	**$ (23,800)**	**$ -**	**$ 18,837,839**

Construction in progress as of December 31, 2022, is primarily composed of costs related to renovation of the surgery suite. The remaining cost to complete the surgery suite is approximately $3.9 million and the estimated completion date is October 2023.

5. Capital Assets (continued):

	Balance December 31, 2020	Additions	Retirements	Transfers	Balance December 31, 2021
Capital assets not being depreciated or amortized					
Land	$ 463,118	$ -	$ -	$ -	**$ 463,118**
Construction in progress	362	65,200	-	-	**65,562**
Total capital assets not being depreciated or amortized	463,480	65,200	-	-	**528,680**
Capital assets being depreciated or amortized					
Land improvements	602,458	-	-	-	**602,458**
Buildings and improvements	31,578,800	96,486	-	-	**31,675,286**
Major movable equipment	11,309,830	307,699	(125,566)	-	**11,491,963**
Total capital assets being depreciated or amortized	43,491,088	404,185	(125,566)	-	**43,769,707**
Less accumulated depreciation and amortization for					
Land improvements	453,689	59,131	-	-	**512,820**
Buildings and improvements	14,147,725	1,346,486	-	-	**15,494,211**
Major movable equipment	9,309,272	560,762	(118,590)	-	**9,751,444**
Total accumulated depreciation and amortization	23,910,686	1,966,379	(118,590)	-	**25,758,475**
Total capital assets being depreciated or amortized	19,580,402	(1,562,194)	(6,976)	-	**18,011,232**
Capital assets, net	**$ 20,043,882**	**$ (1,496,994)**	**$ (6,976)**	**$ -**	**$ 18,539,912**

6. Long-term Debt and Capital Lease Obligations:

A schedule of changes in the District's long-term debt and lease liabilities are as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
2021 Revenue Refunding Loan	$ 13,650,000	$ -	$ (2,850,000)	$ 10,800,000	**$ 2,930,000**
Lease liabilities	41,157	492,837	(114,295)	419,699	**85,873**
Total long-term debt and other noncurrent liabilities	$ 13,691,157	$ 492,837	$ (2,964,295)	$ 11,219,699	**$ 3,015,873**

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
2011 General Obligation Bonds	$ 19,855,000	$ -	$ (19,855,000)	$ -	**$ -**
2021 Revenue Refunding Loan	-	13,650,000	-	13,650,000	**2,850,000**
Premium on Bonds	230,169	-	(230,169)	-	**-**
Lease liabilities	102,765	-	(61,608)	41,157	**35,182**
Total long-term debt and other noncurrent liabilities	$ 20,187,934	$ 13,650,000	$ (20,146,777)	$ 13,691,157	**$ 2,885,182**

6. Long-term Debt and Capital Lease Obligations (continued):

The terms and due dates of the District's long-term debt and lease liabilities are as follows:

General obligation bonds **–** On August 4, 2021, the District exercised their option to prepay a portion of its "2011 General Obligation Bonds," which was repaid in 2021.

Revenue Refunding Loan **–** The District issued a general obligation loan, "2021 Revenue Refunding Loan," on August 4, 2021, with a general obligation totaling $13,650,000. Principal payment on the Series 2021 loan began on November 1, 2022, payable in annual principal installments ranging from $2,930,000 to $2,990,000, plus interest of 1.42 percent through December 2026.

The Bond Resolution establishes the "Rangely Hospital District General Obligation Loan, Series 2021, Reserve Fund" (the Reserve Fund) as additional security for the Series 2021 Loan. The reserve fund is included with assets limited as to use in the financial statements. Debt service payments for the 2021 Revenue Refunding Loan will be made from tax revenue.

Lease liabilities **–** Various lease obligations are payable to various lenders in the aggregate original amount of approximately $596,000, due in monthly payments between $150 and $4,417, including interest from 3.25 to 5 percent, through July 2032. The District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Scheduled principal and interest repayments on long-term debt and lease liabilities are as follows:

Years Ending	Long-term Debt		Lease Obligations	
December 31,	Principal	Interest	Principal	Interest
2023	$ 2,930,000	$ 155,490	$ 85,873	$ 14,655
2024	2,990,000	113,617	82,286	11,083
2025	2,905,000	70,258	53,235	7,787
2026	1,975,000	28,512	27,753	6,494
2027	-	-	28,347	5,517
2028-3032	-	-	142,205	11,827
	$ 10,800,000	**$ 367,877**	**$ 419,699**	**$ 57,363**

7. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and writeoffs have not changed significantly from prior year.

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

- *Medicare* – The District has been designated a critical access hospital and Rangely Family Medicine as a rural health clinic by Medicare, and are reimbursed for inpatient, outpatient, and clinic services on a cost basis as defined and limited by the Medicare program. The District is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. Nonrural health clinic physician services are reimbursed on a fee schedule.

- *Medicaid* – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicaid outpatient services are paid based on prospectively determined rates. Rural health clinic encounters are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by Medicaid. Physician services are reimbursed on a fee schedule.

- *Other* – The District has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue decreased by approximately $124,000 in the year ended December 31, 2022, due to differences between original estimates and final settlements or revised estimates.

The District is reimbursed for Medicaid rural health clinic rates at the higher of the prospectively determined rate or the cost per encounter as determined by the District's annual Medicare cost reports. For the years ended December 31, 2022 and 2021, the District has estimated receivables of approximately $167,000 and $-0-, respectively.

7. Net Patient Service Revenue (continued):

Under the Colorado Health Care Affordability Act (Act), the District pays provider fees to the state of Colorado. The provider fees are based on inpatient days and outpatient charges. The District also receives various supplemental payments from the state of Colorado under this Act.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The District did not have significant costs of caring for charity care patients for the years ended December 31, 2022 and 2021. The District received no gifts or grants to subsidize the cost of caring for charity care patients in 2022 or 2021.

8. Property Taxes:

The Rio Blanco County Treasurer acts as an agent to assess and collect property taxes levied in the County for all taxing authorities. Property taxes are levied and assessed in December on property values assessed as of January 1 of the prior year.

Taxes are due in two equal amounts by February 28 and June 15, or all may be paid by April 30. The assessed property is subject to lien on the levy date. Taxes estimated to be collectible are recorded as revenue in the year of the levy by the District. No allowance for uncollectible taxes receivable is considered necessary at the statement of net position dates. A deferred inflow of resources and a receivable were recorded at December 31, 2022 and 2021, for taxes levied for 2023 and 2022, respectively.

For 2022, the District's regular tax levy was $13.050 per $1,000 on a total assessed valuation of $274,192,770, for a total regular levy of $3,578,215. The District's debt service tax levy was $11.800 per $1,000, for a total debt service levy of $3,239,765.

For 2021, the District's regular tax levy was $13.050 per $1,000 on a total assessed valuation of $227,219,160, for a total regular levy of $2,965,210. The District's debt service tax levy was $14.300 per $1,000, for a total debt service tax levy of $3,249,234.

9. CARES Act Provider Relief Fund:

In 2020 the District received $1,447,669 of funding from the CARES Act Provider Relief Fund and received an additional $828,727 in 2021. These funds are required to be used to reimburse the District for healthcare-related expenses or lost revenues that are attributable to coronavirus. The District has recorded these funds as unearned grant revenue until eligible expenses or lost revenue are recognized. As of December 31, 2022, the District has recognized all of these funds as grant revenue.

10. Deferred Contribution Plans:

The District provides pension benefits for all of its full-time and part-time employees through two retirement plans: A Government Eligible 457 Plan (the 457 Plan), the Rangely District Hospital Deferred Compensation Plan for employee contributions; and a defined-contribution plan, the Rangely District Hospital Employees' Pension Plan (the 401a Plan) for employer contributions. The Retirement Plans are administered by American United Life Insurance Company (OneAmerica). The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of Plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to District control, they have been excluded from these financial statements.

Under the 457 Plan, the employee is eligible to participate after the first day of the month coinciding with or next following the date the employee completes three consecutive months of services. The employee may elect to reduce their compensation by a specific percentage or dollar amount and have that amount contributed to the plan. The employee is always 100 percent vested in all their accounts in the plan. Total employee contributions were $319,310 and $322,431 in the years ended December 31, 2022 and 2021, respectively.

Under the 401a Plan, the employee is eligible to participate after 12 consecutive months of service in which an employee completes 1,000 or more hours. Employee participation will begin on January 1 or July 1 coinciding with or immediately following the fulfillment of the eligibility requirement. The District is required to contribute up to 4 percent of the employee's wages for all eligible employees. The District contributions vest at: less than two years of service, 0 percent; two but less than three years of service, 20 percent; three but less than four years of service, 60 percent; four but less than five years of service, 80 percent; and five or more years of service, 100 percent. The District's total contributions were $163,418 and $134,107 in the years ended December 31, 2022 and 2021, respectively.

Additionally, the District maintains a legacy defined-contribution plan currently administered by Empower Retirement. The District does not enroll employees on this plan anymore, and so there are no eligibility requirements. There was one employee on the plan at the end of both 2021 and 2022.

11. Contingencies and Commitments:

Medical malpractice claims – The District has professional liability insurance coverage with COPIC Insurance Company. The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year, or if the District purchases insurance to cover prior acts. The current professional liability insurance provides $1,000,000 per claim of primary coverage with an annual aggregate limit of $3,000,000. The policy has no deductible per claim.

No liability has been accrued for future coverage for acts occurring in this or prior years. Also, it is possible that claims may exceed coverage obtained in any given year.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

11. Contingencies and Commitments (continued):

Industry regulations (continued) – Management believes that the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

Taxpayer's Bill of Rights – Colorado voters passed an amendment to the state constitution, Article X, Section 20, known as the Taxpayer's Bill of Rights (TABOR). This amendment has several limitations including revenue raising, spending abilities, and other specific requirements of the state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

Risk management – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage for any of the three preceding years.

Contingency – The District is currently disputing billed claims that were denied in the amount of approximately $1.6 million. This estimated balance has not been reported as a receivable by the District as of December 31, 2022, because the matter has not been settled. Per the terms of its contract with Anthem, the District may resort to claim appeals and dispute resolution using mediation and binding arbitration. As of the date of the audit report, this matter has not been resolved.

12. Concentration of Credit Risk:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The following is the mix of receivables from patients and third-party payors reported by the District:

	2022	2021
Medicare	**18 %**	26 %
Medicaid	**50**	45
Other third-party payors	**24**	22
Patients	**8**	7
	100 %	100 %

Physicians – The District is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on District operations.

SUPPLEMENTARY INFORMATION

Rangely Hospital District
doing business as Rangely District Hospital
Schedule of Budget and Actual Revenues and Expenses
Year Ended December 31, 2022

	2022	Final Approved Budget	Favorable (Unfavorable) Variance
Operating revenues			
Net patient service revenue	**$ 16,297,041**	$ 15,646,686	$ 650,355
Other	**351,237**	**-**	351,237
Total operating revenues	**16,648,278**	15,646,686	1,001,592
Operating expenses			
Salaries and wages	**8,326,326**	8,192,189	(134,137)
Employee benefits	**2,786,146**	2,742,201	(43,945)
Professional fees and other purchased services	**3,082,808**	2,713,662	(369,146)
Supplies	**3,081,281**	2,348,088	(733,193)
Depreciation	**2,057,446**	1,993,553	(63,893)
Utilities	**345,001**	340,589	(4,412)
Other	**912,475**	2,326,942	1,414,467
Total operating expenses	**20,591,483**	20,657,224	65,741
Operating loss	**(3,943,205)**	(5,010,538)	1,067,333
Nonoperating revenues (expenses)			
Property taxes	**6,438,482**	6,583,908	(145,426)
Other income	**505,978**	240,596	265,382
Total nonoperating revenues, net	**6,944,460**	6,824,504	119,956
Change in net position	**$ 3,001,255**	**$ 1,813,966**	**$ 1,187,289**

See accompanying independent auditors' report.

SINGLE AUDIT

AUDITORS' SECTION

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Rangely Hospital District
doing business as Rangely District Hospital
Rangely, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rangely Hospital District doing business as Rangely District Hospital (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 25, 2023

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Rangely Hospital District
doing business as Rangely District Hospital
Rangely, Colorado

Report on Compliance for The Major Federal Program

Opinion on the Major Federal Program

We have audited Rangely Hospital District doing business as Rangely District Hospital's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2022. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 25, 2023

Rangely Hospital District
doing business as Rangely District Hospital
Schedule of Audit Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	***Unmodified***			
Internal control over financial reporting:				
• Material weakness(es) identified?	___	yes	X	no
• Significant deficiency(ies) identified?	___	yes	X	none reported
Noncompliance material to financial statements noted?	___	yes	X	no

Federal Awards:

Internal control over major federal programs:				
• Material weakness(es) identified?	___	yes	X	no
• Significant deficiency(ies) identified?	___	yes	X	none reported
Type of auditors' report issued on compliance for major federal programs:	***Unmodified***			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___	yes	X	no

Identification of major federal programs:

Assistance Listing Numbers(s)	*Name of Federal Program or Cluster*
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	___	yes	X	no

Section II – Financial Statement Findings

No matters were reported. Therefore, no corrective action plan is necessary nor has one been prepared.

Section III – Federal Award Findings and Questioned Costs

No matters were reported. Therefore, no corrective action plan is necessary nor has one been prepared.

AUDITEE'S SECTION

Rangely Hospital District
doing business as Rangely District Hospital
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Identification	Total Federal Expenditures
U.S. Department of Health and Human Services Direct Programs:				
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		COVID-19	$ 829,845
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697		COVID-19	100,000
Total U.S. Department of Health and Human Services Direct Programs				929,845
U.S. Department of Health and Human Services Pass-through Program From:				
Colorado Rural Health Center				
Rural Health Research Centers	93.155	H3L42218	COVID-19	220,365
Total U.S. Department of Health and Human Services				1,150,210
Total expenditures of federal awards				**$ 1,150,210**

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Rangely Hospital District doing business as Rangely District Hospital (the District) under programs of the federal government for the year ended December 31, 2022. Amounts reported for Federal Assistance Listing Number 93.498 – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution are based on the December 31, 2022 Provider Relief Fund report. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Rangely Hospital District
doing business as Rangely District Hospital
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

The audit for the year ended December 31, 2021, reported no findings, nor were there any unresolved prior year audit findings from periods ended December 31, 2020, or prior. Therefore, there are no matters to report in this schedule for the year ended December 31, 2022.