




Aspen Valley Hospital District

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023



**Aspen Valley Hospital District
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December 31, 2024 and 2023**

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Independent Auditor's Report

Board of Directors
Aspen Valley Hospital District
Aspen, Colorado

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund information of Aspen Valley Hospital District (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Aspen Valley Hospital District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund information of Aspen Valley Hospital District, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Aspen Valley Hospital District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Aspen Valley Hospital District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aspen Valley Hospital 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 Aspen Valley Hospital District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aspen Valley Hospital District's basic financial statements. The statement of budgeted and actual revenues and expenses and the combining financial statements (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Wichita, Kansas
May 28, 2025**

Aspen Valley Hospital District Management's Discussion and Analysis Years Ended December 31, 2024 and 2023

Introduction

As management of Aspen Valley Hospital District (the District), we offer readers of the financial statements this discussion and analysis of the financial activities of the District for the calendar years ended on December 31, 2024 and 2023.

The consolidated financial statements of the District reflect the financial activity of the Aspen Valley Hospital, Aspen Valley Hospital Clinics, PLLC, Midvalley Imaging Center, LLC (MIC) and Aspen Valley Hospital Foundation. Please see *Note 1* in the Notes to the Financial Statements for a complete explanation of these entities' association.

We encourage readers to consider this discussion and analysis in conjunction with the accompanying financial statements.

Financial Highlights

- Cash and investments increased in 2024 by \$14,984,893, decreased in 2023 by \$5,017,270, and decreased in 2022 by \$12,689,408, or 20.1%, 6.3% and 13.7%, respectively.
- The District's net position increased in 2024 by \$12,224,324, decreased in 2023 by \$457,178, and increased in 2022 by \$18,717,999, respectively.
- The District reported operating losses in 2024 and 2023 of \$4,174,627 and \$12,956,818, respectively, and an operating gain in 2022 of \$5,963,982. The operating loss in 2024 decreased by \$8,782,191 or 67.8% over the operating loss in 2023. The operating loss in 2023 increased by \$18,920,800 or 317.3% over the operating gain reported in 2022.
- Net nonoperating revenues increased by \$5,776,621 or 57.9% in 2024 and decreased by \$133,510 or 1.3% in 2023.

Using This Annual Report

The District's financial statements are comprised of the following four components, in addition to other required supplementary information and other supplementary information:

- Balance Sheets: provides information about the District's assets and liabilities and reflect the District's financial position as of December 31, 2024 and 2023.
- Statements of Revenues, Expenses and Changes in Net Position: reports the cumulative activity of providing health care services and the expenses related to such activity for the years ended December 31, 2024 and 2023.
- Statements of Cash Flows: outlines the cash inflows and outflows related to the activity of providing health care services for the years ended December 31, 2024 and 2023.
- Notes to the Financial Statements: provide explanation and clarification on specific items within the previously mentioned financial statements.

The District's financial statements have been prepared based on the accrual basis of accounting using the economic resources measurement focus.

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

The Balance Sheets

The District's total assets and deferred outflows of resources at the end of 2024 were \$293,628,505 compared to \$268,206,050 for 2023 and \$280,206,395 for 2022. The District's net position increased in 2024, decreased in 2023, and increased in 2022.

	2024	2023	2022
Assets			
Cash, cash equivalents and investments	\$ 89,643,517	\$ 74,658,624	\$ 79,675,894
Patient accounts receivable, net	26,291,210	23,100,324	23,825,983
Other current assets	19,989,161	12,342,149	14,933,804
Capital assets, net	128,184,336	121,481,993	129,466,331
Lease assets, net	3,057,171	3,913,539	4,519,128
Contributions receivables	4,407,662	5,159,157	3,978,149
Assets restricted for capital acquisition	8,959,050	13,674,188	10,384,619
Other noncurrent assets	5,968,735	5,865,641	7,282,748
Net pension asset	-	-	4,529,069
Total Assets	286,500,842	260,195,615	278,595,725
Deferred Outflows of Resources	7,127,663	8,010,435	1,610,670
Total Assets and Deferred Outflows of Resources	\$ 293,628,505	\$ 268,206,050	\$ 280,206,395
Liabilities			
Bonds payable and financed capital purchases	\$ 27,959,181	\$ 32,657,343	\$ 36,966,827
Lease liabilities	2,170,165	3,177,274	3,915,448
Net pension liability	1,894,876	3,301,283	-
Other current and noncurrent liabilities	35,612,322	26,705,874	25,987,819
Total Liabilities	67,636,544	65,841,774	66,870,094
Deferred Inflows of Resources	15,761,848	4,358,487	14,873,334
Net Position			
Net investment in capital assets	95,065,218	81,936,949	85,598,051
Restricted expendable	15,888,850	21,230,686	16,678,236
Unrestricted	99,276,045	94,838,154	96,186,680
Total Net Position	210,230,113	198,005,789	198,462,967
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 293,628,505	\$ 268,206,050	\$ 280,206,395

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Capital Asset and Debt Administration

At the end of 2024, the District had \$289,540,975 invested in capital assets, gross of total accumulated depreciation of \$161,356,639, as detailed in *Note 5* to the financial statements. During 2024, the District planned to invest \$3.3 million in routine capital; however, orthopedic surgical volumes exceeded budgetary expectations and strained operational resources, resulting in additional capital expenditures in surgical capacity. Also, during 2024, the District completed the renovation and expansion of its primary care practice located in Basalt, Colorado, as planned and necessary to expand primary care services to the community. Construction also continued on the fourth and final phase of the District's Master Facilities Plan, which is slated for completion in the second quarter of 2025. Construction also continued on the renovation of the old ambulance building into eleven staff and physician call rooms, which is also expected to be completed in the second quarter of 2025. In 2023, the District had \$265,067,285 invested in capital assets, gross of total accumulated depreciation of \$143,585,292. During this same year, the District began offering orthopedic spinal surgical services and it invested in the acquisition of a Globus Excelsius GPS surgical robot which ensures surgical precision in very complex spinal surgeries. The District also invested in a da Vinci Xi surgical robot which has become the standard of care for minimally invasive abdominal surgeries. Lastly, during 2023, the District initiated the expansion of the Aspen Primary Care Clinic. In 2022, the District had \$256,291,369 invested in capital assets, gross of total accumulated depreciation of \$126,825,038. During that same year, the District implemented a new Electronic Health Record system, Epic, while it also expanded its Primary Care Clinic located in the hospital campus and upgraded other areas of the facility.

Outstanding Debt Securities

On September 2, 2020, the District refunded its Taxable General Obligation Direct Pay Build America Bonds – Series 2010B in the amount of \$31,180,000, through the issuance of its General Obligation Refunding Bonds, Series 2020 in the amount of \$26,125,000. This refunding generated savings for our community of \$4,993,835 over the remaining life of the bonds. As discussed below, on November 2, 2010, the electors of the District approved increased ad valorem property taxes to pay debt service on these bonds as they constitute general obligations of the District. The proceeds from the bonds were used to refund the Taxable General Obligation Direct Pay Build America Bonds – Series 2010B and to pay expenses related to the issuance of the bonds.

On August 11, 2016, the District refunded its Revenue Bonds – Series 2007 in the amount of \$9,071,742, through the issuance of its Refunding Note – Series 2016 in the amount of \$9,015,000. The proceeds from the bonds were used to refund the Revenue Bonds – Series 2007, to fund the Reserve Fund for the Refunding Note – Series 2016 and to pay expenses related to the issuance of the Note.

On August 28, 2012, the District refunded its Variable Rate Demand Revenue Bonds – Series 2003 (which included an irrevocable letter of credit), in the amount of \$11,715,000, through the issuance of its Refunding Revenue Bonds – Series 2012 in the amount of \$10,040,000. The proceeds from the bonds were used to refund Variable Rate Demand Revenue Bonds – Series 2003 to fund the Reserve Fund for the Refunding Revenue Bonds – Series 2012 and to pay expenses related to the issuance of the bonds.

At the November 2, 2010 election, the electors of the District approved the issuance of general obligation bonds to be held by the District in an amount not to exceed \$50,000,000, with a total repayment cost not to exceed \$86,850,000 and a maximum annual repayment cost not to exceed \$4,363,000. The electors also approved increased ad valorem property taxes to pay debt service on such bonds, provided that the annual amount of such taxes do not exceed \$4,363,000. As a result of the favorable election, on December 15, 2010, the District issued two General Obligation Bonds: Series 2010A Tax-Exempt General Obligation Bonds in the amount of \$12,045,000 and Series 2010B Taxable General Obligation Direct Pay Build America Bonds in the amount of \$37,955,000. The bonds constitute general obligations of the District. As approved in the election, all of the taxable property located in the District is subject to the levy of the ad valorem tax to pay the principal and interest on the bonds, without limitation as to rate and in an amount sufficient to pay the bonds when due. The bonds were issued in order to finance the modernization and expansion of the District's facility to meet contemporary standards for treatment and technology, enhancing the quality, safety and privacy of patient care and rightsizing and reconfiguring of the facility to meet the present and future health care needs of the community. The District's

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Master Facility Plan Phase II Expansion and Renovation Project was approved by the City of Aspen on July 12, 2010, and construction began during the month of December 2010 and was completed during 2015. The District commenced construction of the third phase of the Master Facilities Plan in April of 2015 and completed it at the end of 2017. The third phase of the Master Facilities Plan was funded from both cash reserves and philanthropy. The fourth and final phase is 100% funded by philanthropy and is expected to be completed in the second quarter of 2025, and will include a new front lobby that ties the previous second and third phases together, and features a centralized registration location with accessibility to outpatient services.

The Statements of Revenues, Expenses and Changes in Net Position

The District classifies revenues as operating and nonoperating revenues. Operating revenues consist of net patient service revenues and other operating revenues. Net patient service revenues result from direct patient care while other operating revenues consist primarily of cafeteria sales, Aspen Ambulance District fees for the management of their operations, rents at the assisted living facility, Whitcomb Terrace and employee housing units. Nonoperating revenues are comprised of ad valorem taxes, investment income, noncapital contributions and gain on sale of capital assets. Similarly, the District classifies expenses as either operating or nonoperating. Operating expenses consist of labor costs, supplies and other, depreciation and amortization. Nonoperating expenses are comprised of interest expense, community assistance programs and change in equity interests.

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
Net patient service revenue	\$ 154,271,297	\$ 135,336,504	\$ 129,864,987
Other	5,676,063	5,421,865	5,388,277
Total Operating Revenues	<u>159,947,360</u>	<u>140,758,369</u>	<u>135,253,264</u>
Operating Expenses			
Salaries and wages	57,982,722	47,420,336	42,770,600
Contract labor	5,216,453	13,213,188	11,500,313
Supplies and other	81,951,493	73,829,316	60,298,807
Depreciation	17,794,221	18,092,043	13,567,396
Amortization	1,177,098	1,160,304	1,152,166
Total Operating Expenses	<u>164,121,987</u>	<u>153,715,187</u>	<u>129,289,282</u>
Operating Income (Loss)	<u>(4,174,627)</u>	<u>(12,956,818)</u>	<u>5,963,982</u>
Nonoperating Revenues (Expenses)			
Ad valorem taxes	11,392,503	8,430,792	8,527,027
Investment income	2,881,874	2,487,532	423,193
Interest expense	(996,779)	(1,091,413)	(1,162,896)
Community assistance programs	(738,839)	(455,496)	(431,916)
Noncapital contributions	2,785,368	2,365,596	2,832,526
Change in equity interests	368,340	(1,802,399)	(119,617)
Gain on sale of capital assets	53,973	35,207	35,012
Total Nonoperating Revenues	<u>15,746,440</u>	<u>9,969,819</u>	<u>10,103,329</u>
Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions and Provision (Credit) for Uncollectible Capital Contributions	11,571,813	(2,986,999)	16,067,311
Capital contributions	264,472	3,557,407	2,450,864
Provision (credit) for uncollectible capital contributions	<u>388,039</u>	<u>(1,027,586)</u>	<u>199,824</u>
Change in Net Position	12,224,324	(457,178)	18,717,999
Net Position, Beginning of Year	<u>198,005,789</u>	<u>198,462,967</u>	<u>179,744,968</u>
Net Position, End of Year	<u><u>\$ 210,230,113</u></u>	<u><u>\$ 198,005,789</u></u>	<u><u>\$ 198,462,967</u></u>

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Patient Service Revenues and Nonoperating Revenues

The District's net patient service revenues in 2024 reflect a 14.0% increase resulting from a 23.0% increase in total surgical volumes over 2023, including a 17.0% increase in orthopedic and spine surgical cases. A related 25.0% increase in admissions, along with a 5.0% increase in average length of stay, contributed to a 30.0% increase in average daily census. The 2023 year reflects a 4.2% increase as a result of multiple factors including a 10.8% increase in patient census (10.8% increase in daily census and 7.5% increase in length of stay), a 28.4% increase in inpatient surgeries and a 5.4% increase in emergency room visits. In 2022, The District's net patient service revenues reflect a 21.1% increase as a result of multiple factors including a 12.2% increase in surgeries (23.1% inpatient and 11.1% outpatient), a 12.7% increase in clinic visits and a 6.9% increase in emergency room visits. Net patient revenues were impacted favorably in 2024 and 2023 by the annual price increases of 5.0% and 6.0%, respectively.

The District's outpatient service revenues continue to exceed the inpatient service revenues, with 82.0% of the District's 2024 patient service revenue generated by outpatient services, compared to 84.7% in 2023 and 88.7% in 2022. The percentage of outpatient services dropped slightly in 2024 as a result of significant growth in inpatient spine and orthopedic cases in 2024, as the spine program continues to grow and with the recruitment of a total joint specialist who also performs joint revisions.

The payer mix for the District has changed somewhat compared to prior years' experience. The largest portion of the District's patient service revenues continues to be derived from commercial plans, 45.2% during 2024, 50.1% during 2023 and 54.1% during 2022. In addition, the District derived 45.5% of gross revenues from Medicare in 2024 compared to 38.1% in 2023 and 33.6% during 2022. Payments for services rendered to patients under these programs are less than billed charges; therefore, the District estimates a provision for contractual adjustments to reduce the total charges to estimated receipts, based upon contractual arrangements. Due to the complicated nature of the contracts and the government programs, the actual payments received could differ from the estimates.

Notable changes in nonoperating revenues over the past three years resulted from the receipt of investment income and noncapital contributions.

Operating and Nonoperating Expenses

In 2024, operating expenses increased by \$10,406,800 as the District increased staffing to accommodate the additional surgical and inpatient volumes, with additional targeted staffing additions in other impacted departments. The number of agency staff members declined during 2024 to pre-pandemic levels as recruitment and retention improved. Utilization of existing housing inventory was an essential contributor to recruitment efforts, along with nearly thirty additional units leased from the free market and passed through to the staff with rent subsidies determined by income levels. Health insurance costs and consumable supplies, related to volumes, were also higher during 2024. During 2023, operating expenses increased by \$24,425,905 due to multiple factors: the continued increased costs of labor due to the need to hire agency staff to fill vacancies created by employed staff that moved away to take on traveling positions with significantly higher wages (a trend that began in 2022), the increase in permanent staffing wages to maintain recruitment and retention, the recruitment of a new spine surgeon to our valley, the planned support of our new Electronic Health Record, Epic, the increase in employee benefits driven by high cost catastrophic claims and lastly, the overall inflationary pressures. In 2022, operating expenses increased \$20,080,224 mainly as a result of the before mentioned increased costs of labor due to agency staff utilization, the increase in supply costs due to the national supply chain challenges and shortages and lastly, other inflationary pressures.

Aspen Valley Hospital District Management's Discussion and Analysis Years Ended December 31, 2024 and 2023

During 2024, nonoperating revenues increased as the District realized the benefit of higher property values through the mill levy, and higher interest rates on reserves yielded higher returns. Community assistance expenses increased as the District increased its support of the Mountain Family Health Centers. In 2023, nonoperating expenses increased primarily due to the change in equity interests from our Mid-Valley Imaging Center and the Steadman Philippon Surgery Center. In 2022, nonoperating expenses decreased due to the community assistance programs requiring a smaller subsidy than in 2021 and also from not having any changes in equity interests during the year.

The capital contributions and pledges during 2024 were lower than in 2023 while the Aspen Valley Hospital Foundation board is reconstituted following the conclusion of term limits of the initial board members that joined at its inception, and the appeals focus on ongoing operational needs, including staffing initiatives, and housing projects in the works. As a result, the provision for uncollectible pledges decreased by \$1,415,625 in 2024 compared to 2023. In 2023, the Foundation received a larger amount of capital contributions and pledge payments due to the completion of the Aspen Valley Hospital Foundation \$60 million Capital Campaign for the Master Facilities Plan and a multi-year large donation for our on-call rooms construction project. This resulted in an increase in the provision of \$1,227,410 in 2023 compared to 2022.

Provision for Uncollectible Accounts & Charity Care

The collection of receivables from third-party payers and patients is the District's primary source of cash and is, therefore, critical to the District's operating performance. The primary collection risks are related to patients' payment portions (deductibles and copayments) not covered by their primary insurance. The District estimates the allowance for uncollectible accounts based primarily upon the age of patient accounts receivable and the effectiveness of the District's third-party payer collection efforts. Significant changes in payer mix, District operations, economic conditions, and trends in federal and state governmental health care coverage affect the District's collection of patient accounts receivable, cash flows and results of operations.

In 2024, the District reported a provision for uncollectible accounts of \$5,744,320, compared to \$4,847,114 for 2023 and \$5,136,818 for 2022. The District's low write-off percentage from gross revenues of 2.3% for 2024 and 2.4% for 2023 and 2.6% for 2022 is a result of a combination of continued outsourcing success through MedAssist (a division of Firstsource Solutions) located in Belleville, Illinois and the District's robust financial assistance program. The District's estimate for allowance for uncollectible accounts is based on MedAssist's analysis, recommendations for modification and implementation of improved billing and collection processes. The provision for uncollectible accounts is included in net patient service revenue.

Patient accounts written-off as charity and indigent care are included in net patient service revenue. Charity and indigent care write-offs for 2024 were \$3,513,971 or 1.4% of gross patient service revenues, compared to \$2,033,371 or 1.0% of gross patient service revenue during 2023 and \$1,429,021 or 0.7% of gross patient service revenue for 2022. The stabilization in the amount of indigent care over the past years was due to the fact that the State of Colorado was a Medicaid expansion State under the *Affordable Care Act* and consequently, many of the patients who were previously uninsured patients received coverage through Medicaid. In January 2020, the U.S. Department of Health and Human Services declared a Public Health Emergency in response to the Coronavirus pandemic which led to Congress passing legislation that ensured continuous coverage for anyone enrolled in Medicaid (regardless of continued eligibility) for the duration of the Public Health Emergency. The Public Health Emergency ended in May 2023 and the District experienced an increase in the amounts written-off as charity and indigent care in 2024 due to the redetermination of eligibility for Medicaid participants that resulted in coverage lapses.

The District's Change in Net Position

The District's change in net position increased in 2024 by \$12,224,324. In 2023 it decreased by \$457,178 and it increased by \$18,717,999 in 2022.

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

The Statement of Cash Flows

The Statement of cash flows report cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities: operating, noncapital financing, capital and related financing and investing activities.

Changes in the District's cash flows are consistent with changes in operating gains (losses) and nonoperating revenues and expenses for 2024, 2023 and 2022, discussed earlier.

Budgetary Highlights

The District is responsible for funding expenses from cash generated through its operations and from the ad valorem taxes received during the calendar year. The District prepares a budget to reflect the expected revenues and expenses generated through its operations. Annual budgets are adopted as required by Colorado statutes. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

The District's Board of Directors approved the 2025 and 2024 budgets during the last quarter of the 2024 and 2023 calendar years, respectively. There were no amendments made to the original budgets presented to the State of Colorado for the calendar years 2024 and 2023, despite additional capital expenditures that were necessary to accommodate higher than planned surgical volumes.

During 2024, net patient service revenue was \$24,872,611 (19.2%) higher than budget and operating expenses were \$7,458,717 (4.8%) higher than budget. Stronger than expected orthopedic surgical volumes were realized in 2024 as fewer cases migrated to the orthopedic surgery center in Basalt that is jointly owned, with the District in a 25% equity position. The primary reason for the retained cases at the hospital is the lack of key payor contracts at the surgery center. In addition, the District saw increased inpatient spine and total joint replacement cases than budgeted, as well as a sharp increase in surgical robotics cases utilizing the daVinci Xi that was acquired in 2023. However, the District continues to experience a shift in payor mix to Medicare, resulting in higher than budgeted government related deductions from gross revenue. Operating expense variances were driven primarily by increased supplies related to larger surgical case volumes, and higher than expected health insurance costs for existing and recruited staff. During 2023, net patient service revenue was \$32,822,723 (32.0%) higher than budget as explained above, while operating expenses were \$17,922,436 (13.4%) higher than budget due to the increase in costs or agency staffing and demand related to supplies and implants used in orthopedic surgical cases, as well as the new spine service line and the increase in employee benefits driven by high-cost catastrophic claims.

Please see Supplementary Information for the statement of budgeted and actual revenues and expenses for the year ended December 31, 2024.

Economic Factors and Next Year's Budget

The 2025 operating and capital budgets have been developed in accordance with the 5-year strategic financial plan that the District board adopted in August of 2023. The financial plan was developed in cooperation with Kaufman Hall, with the primary intention of maintaining strong operational performance, building cash reserves, and planning to expend \$40 million for increased employee housing capacity as the local and regional housing market has outpaced the affordability of staff and physicians. The financial plan assumes that the housing development will be a part of over \$90 million in routine, facilities, and other capital acquisitions. The plan assumes that the District will generate 10% in annual EBIDA in years 2 thru 5, with 6% EBIDA planned for year 1 (2024). The plan accumulates more than 220 days cash on hand in reserves, while an additional \$20 million is expected to be raised through debt associated with housing development and serviced with rental income. The District outperformed the plan in 2024 (nearly 12% EBIDA compared to the planned 6%, and 224 days cash on hand at December 31, 2024).

**Aspen Valley Hospital District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

The 2025 operating budget nets 9.6% in EBIDA, including property tax revenues. Patient service revenues reflect a plateauing level of orthopedic surgical volumes with fewer outpatient cases as migration continues to the surgery center, offset by continued growth in spine and total joint replacement inpatient cases. Robotic general surgical cases are also expected to increase in volume with the addition of two new robotic surgeons, one of which specializes in gastric reflux surgery. A 4% price increase has been implemented and a 5% increase in Medicare deductions is planned as the payor mix continues to shift. Wages are budgeted to increase 4.5%, with an additional 5.5% increase in staffing for targeted growth-related provisions. The District, under the leadership of its new Chief Financial Officer, will focus on productivity and gaining efficiencies over the course of the year, as volumes stabilize.

The 2025 capital budget expects to expend \$32.1 million in 2025, of which \$15.7 million is fully funded with philanthropy for the completion of the fourth and final phase of the Master Facilities Plan. An additional \$5.8 million is slated for housing, with \$3.8 million projected for the completion of eleven call rooms, and \$2.0 million planned for design and initial phases of construction for the renovation and expansion of an existing housing complex that will net forty additional units. A remaining \$4.5 million budget is for routine capital acquisitions, and the final \$5.8 million in capital is being transferred from the 2024 budget to cover specific items, including an upgrade and purchase of the latest generation of daVinci Robot (DV5), and a nuclear camera with 3D SPECT capabilities to serve as a backup to the current CT scanner.

The District continues to watch and monitor state and federal legislative activity, as both potentially impact government and commercial reimbursements and regulatory requirements. Principal among these are the intrusion of Medicare Advantage plans into rural communities, and Colorado legislative efforts to reduce hospital prices. As a Critical Access Hospital, the District enjoys certain protections but remains active in advocacy efforts.

Contacting the District's Financial Management

This management discussion and analysis report is designed to provide interested parties with a general overview of the District's financial activity and to demonstrate the District's accountability for its management of the District's finances. Questions about this report should be directed to David Brain, Aspen Valley Hospital District's Chief Financial Officer, at 0401 Castle Creek Road, Aspen, Colorado 81611.

Aspen Valley Hospital District
Balance Sheets
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 89,643,517	\$ 74,658,624
Patient accounts receivable, net of allowance; 2024 - \$1,690,846, 2023 - \$1,519,048	26,291,210	23,100,324
Estimated amounts due from third-party payers	336,110	4,332,156
Property tax levy receivable	11,737,470	-
Other receivables	1,587,463	2,322,460
Leases receivable	323,093	365,631
Inventories	3,460,771	3,499,530
Prepaid expenses	2,544,254	1,822,372
Total Current Assets	<u>135,923,888</u>	<u>110,101,097</u>
Noncurrent Cash and Investments		
Restricted by donors for capital acquisitions	8,959,050	13,674,188
Restricted by donors for specific operating activities	81,261	77,186
Contributions receivable, net	4,407,662	5,159,157
Held by trustee for debt service	2,440,877	2,320,155
	<u>15,888,850</u>	<u>21,230,686</u>
Capital Assets, Net	<u>128,184,336</u>	<u>121,481,993</u>
Lease Assets, Net	<u>3,057,171</u>	<u>3,913,539</u>
Other Assets		
Equity interests in joint ventures	2,274,814	1,946,364
Leases receivable	693,311	1,016,405
Other	478,472	505,531
	<u>3,446,597</u>	<u>3,468,300</u>
Total Assets	<u>286,500,842</u>	<u>260,195,615</u>
Deferred Outflows of Resources		
Pensions	6,933,744	7,746,008
Unamortized loss on refunding's of prior bond issuances	193,919	264,427
	<u>7,127,663</u>	<u>8,010,435</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 293,628,505</u>	<u>\$ 268,206,050</u>

See Notes to Financial Statements

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 4,698,162	\$ 6,125,027
Current portion of lease liabilities	1,194,699	1,156,893
Accounts payable	12,859,622	7,059,408
Accrued salaries, benefits and payroll taxes	5,386,359	4,336,983
Other accrued liabilities	3,582,450	2,866,241
Construction payable	348,001	-
Estimated amounts due to third-party payers	7,543,029	5,161,322
Total Current Liabilities	<u>35,612,322</u>	<u>26,705,874</u>
Long-term Debt		
Bonds payable	25,608,827	29,686,570
Financed capital purchases	2,350,354	2,970,773
	<u>27,959,181</u>	<u>32,657,343</u>
Long-term Liabilities		
Lease liabilities	2,170,165	3,177,274
Net pension liability	1,894,876	3,301,283
	<u>4,065,041</u>	<u>6,478,557</u>
Total Liabilities	<u>67,636,544</u>	<u>65,841,774</u>
Deferred Inflows of Resources		
Leases	959,794	1,324,425
Deferred property tax levy	11,737,470	-
Pensions	3,064,584	3,034,062
Total Deferred Inflows of Resources	<u>15,761,848</u>	<u>4,358,487</u>
Net Position		
Net investment in capital assets	95,065,218	81,936,949
Restricted - expendable for		
Debt service	2,440,877	2,320,155
Capital acquisitions	13,366,712	18,833,345
Specific operating activities	81,261	77,186
Unrestricted	99,276,045	94,838,154
Total Net Position	<u>210,230,113</u>	<u>198,005,789</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 293,628,505</u>	<u>\$ 268,206,050</u>

Aspen Valley Hospital District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Net patient service revenue	\$ 154,271,297	\$ 135,336,504
Other	5,676,063	5,421,865
Total Operating Revenues	<u>159,947,360</u>	<u>140,758,369</u>
Operating Expenses		
Salaries and wages	57,982,722	47,420,336
Contract labor	5,216,453	13,213,188
Supplies and other	81,951,493	73,829,316
Depreciation	17,794,221	18,092,043
Amortization	1,177,098	1,160,304
Total Operating Expenses	<u>164,121,987</u>	<u>153,715,187</u>
Operating Loss	<u>(4,174,627)</u>	<u>(12,956,818)</u>
Nonoperating Revenues (Expenses)		
Ad valorem taxes	11,392,503	8,430,792
Investment income	2,881,874	2,487,532
Interest expense	(996,779)	(1,091,413)
Community assistance programs	(738,839)	(455,496)
Noncapital contributions	2,785,368	2,365,596
Change in equity interests in joint ventures	368,340	(1,802,399)
Gain on sale of capital assets	53,973	35,207
Total Nonoperating Revenues	<u>15,746,440</u>	<u>9,969,819</u>
Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions and Provision (Credit) for Uncollectible Capital Contributions	11,571,813	(2,986,999)
Capital contributions	264,472	3,557,407
Provision (credit) for uncollectible capital contributions	388,039	(1,027,586)
Change in Net Position	12,224,324	(457,178)
Net Position, Beginning of Year	<u>198,005,789</u>	<u>198,462,967</u>
Net Position, End of Year	<u>\$ 210,230,113</u>	<u>\$ 198,005,789</u>

Aspen Valley Hospital District
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 157,435,831	\$ 133,198,874
Payments to suppliers	(81,888,914)	(89,440,732)
Payments to employees	(57,496,967)	(47,116,884)
Other receipts, net	6,620,829	4,121,428
Net Cash Provided by Operating Activities	24,670,779	762,686
Cash Flows From Noncapital Financing Activities		
Ad valorem taxes	8,489,329	5,391,359
Community assistance programs	(667,070)	(420,329)
Noncapital contributions	2,785,368	2,365,596
Net Cash Provided by Noncapital Financing Activities	10,607,627	7,336,626
Cash Flows From Capital and Related Financing Activities		
Ad valorem taxes	2,860,665	2,997,459
Purchases of capital assets	(24,148,563)	(8,195,562)
Proceeds from sale of capital assets	53,973	48,564
Principal payments on long-term debt	(5,334,643)	(5,209,259)
Interest payments on long-term debt	(1,568,305)	(1,677,191)
Principal payments received on leases receivable	365,632	414,686
Interest payments received on leases receivable	34,880	46,875
Principal paid on leases payable	(1,290,033)	(1,100,651)
Interest paid on leases payable	(183,230)	(256,406)
Capital contributions	1,404,006	1,348,813
Net Cash Used in Capital and Related Financing Activities	(27,805,618)	(11,582,672)
Cash Flows From Investing Activities		
Investment income	2,921,764	2,487,532
Purchase of equity interests in joint ventures	-	(650,000)
Net Cash Provided by Investing Activities	2,921,764	1,837,532
Increase (Decrease) in Cash and Cash Equivalents	10,394,552	(1,645,828)
Cash and Cash Equivalents, Beginning of Year	90,730,153	92,375,981
Cash and Cash Equivalents, End of Year	\$ 101,124,705	\$ 90,730,153

Aspen Valley Hospital District
Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	\$ 89,643,517	\$ 74,658,624
Restricted by donors for capital acquisitions	8,959,050	13,674,188
Restricted by donors for specific operating activities	81,261	77,186
Held by trustee for debt service	2,440,877	2,320,155
Total Cash and Cash Equivalents	\$ 101,124,705	\$ 90,730,153
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating loss	\$ (4,174,627)	\$ (12,956,818)
Depreciation	17,794,221	18,092,043
Amortization	1,177,098	1,160,304
Provision for uncollectible accounts	5,744,320	4,847,114
Change in operating assets and liabilities		
Patient accounts receivable	(8,935,206)	(4,121,455)
Other receivables	777,506	(1,292,034)
Inventories	38,759	(494,731)
Prepaid expenses	(721,882)	(210,440)
Other assets	27,059	(19,050)
Accounts payable	5,728,445	(1,888,929)
Accrued salaries, benefits and payroll taxes	1,049,376	508,761
Other accrued liabilities	716,209	674,187
Estimated amounts due from and to third-party payers	6,377,753	(2,908,248)
Deferred inflows of resources - leases	(364,631)	(422,709)
Net pension asset/liability	(563,621)	(205,309)
Net Cash Provided by Operating Activities	\$ 24,670,779	\$ 762,686
Noncash Investing, Capital and Financing Activities		
Long-term debt incurred for purchase of capital assets	\$ -	\$ 1,925,500
Capital asset acquisitions included in current liabilities	\$ 348,001	\$ -
Lease obligation incurred for lease assets	\$ 320,730	\$ 554,715
Amortization of loss on refunding	\$ 70,508	\$ 83,271
Amortization of bond premiums	\$ 790,384	\$ 878,580
Change in equity interests in joint ventures	\$ (146,769)	\$ (1,610,537)

**Aspen Valley Hospital District
Statements of Fiduciary Net Position
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Assets		
Investments		
Large U.S. equity	\$ 11,154,306	\$ 10,259,618
Small/Mid U.S. equity	1,884,756	1,838,627
International equity	5,579,118	5,178,164
Fixed income	14,388,915	12,466,177
Other	2,455,324	2,287,330
	<u>35,462,419</u>	<u>32,029,916</u>
Total Investments	<u>35,462,419</u>	<u>32,029,916</u>
Total Assets	<u>35,462,419</u>	<u>32,029,916</u>
Net Position Restricted for Pensions	<u>\$ 35,462,419</u>	<u>\$ 32,029,916</u>

Aspen Valley Hospital District
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Additions		
Contributions:		
Employer	\$ 2,630,002	\$ 2,081,124
Total Contributions	<u>2,630,002</u>	<u>2,081,124</u>
Investment income:		
Net increase in fair value of investments	2,992,364	3,793,161
Less investment expense	<u>(17,485)</u>	<u>(16,226)</u>
Net income from investments	<u>2,974,879</u>	<u>3,776,935</u>
Total Additions	<u>5,604,881</u>	<u>5,858,059</u>
Deductions		
Benefit payments	2,037,363	2,632,097
Administrative expense	<u>135,015</u>	<u>130,615</u>
Total Deductions	<u>2,172,378</u>	<u>2,762,712</u>
Net increase in net position	<u>3,432,503</u>	<u>3,095,347</u>
Net Position Restricted for Pensions		
Beginning of year	<u>32,029,916</u>	<u>28,934,569</u>
End of year	<u>\$ 35,462,419</u>	<u>\$ 32,029,916</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Aspen Valley Hospital District (District), a political subdivision of the State of Colorado, operates the Aspen Valley Hospital (Hospital), a 25-bed acute care facility that is designated by Medicare as a critical access hospital (CAH) located in Aspen, Colorado; Whitcomb Terrace, an assisted living facility; Mountain Oaks, Beaumont Lodge and Castle Creek Meadows, all employee housing complexes. The District is governed by a Board of Directors consisting of five members elected by the residents of the District. The District is not a component unit of another governmental entity.

Aspen Valley Hospital District Clinics, PLLC d/b/a Aspen Valley Hospital Center for Medical Care (ACMC), is a legally separate component unit of the District. ACMC is a wholly-owned subsidiary of the District and the District is the sole member of ACMC. As a wholly-owned subsidiary of the District, the governance of ACMC is vested in the District's Board of Directors. ACMC is organized and operated exclusively for providing medical care to patients. The exclusive purposes and objectives of ACMC is the promotion and enhancement of the health care and related services available to residents of and visitors to the Roaring Fork Valley in the State of Colorado. All of the net earnings of ACMC inure to the benefit of the District. ACMC is considered a component unit of the District and is presented in the District's financial statements using the blending method. Separate financial statements of ACMC are not available.

Mid-Valley Imaging Center, LLC (MIC) has been organized as a Colorado limited liability company to operate one or more imaging centers in Basalt, Colorado, and the surrounding area. The District has 100% ownership interest in MIC. The Governing Body is comprised of five members. Such five members shall be described as follows: Hospital Chairperson of the Board of Directors, Hospital Director, Hospital Chief Executive Officer, Hospital Chief Financial Officer and a Medical Director of MIC as appointed by the Governing Body. The purpose of the District's interest in MIC is to further enhance the services provided by the District. The MIC is considered a component unit of the District and is presented in the District's financial statements using the blending presentation method. Separate financial statements of MIC are not available.

Aspen Valley Hospital Foundation (Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation's primary function is to raise and hold funds to support the District and its programs. The District is the sole corporate member of the Foundation and its bylaws grant control to the District through the establishment of a seven-member Executive Committee with majority voting members being comprised of the District's Officers and Board Members. The Executive Committee exercises total effective control over the affairs of the Foundation and exercises full powers of the Foundation's Board when convened outside of Board Meetings. Any amendments to the bylaws, must be approved by the District. The board of the Foundation is appointed by the District and has a minimum of three Directors; two of which are District Board of Directors members and one is the Hospital's Chief Executive Officer. Any other Directors beyond these three are not appointed by the District, but rather a Nominating Committee. The Treasurer of the Foundation is the Chief Financial Officer of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the District. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District and is presented in the District's financial statements using the blending method. Separate financial statements of the Foundation are not available.

Mid-Valley Healthcare Solutions, LLC (MVHCS) has been organized as a Colorado limited liability company in 2020. The District is the sole member of MVHCS. The Governing Body is comprised of five members. Such five members shall be described as follows: Hospital Chairperson of the Board of Directors, Hospital Director, Hospital Chief Executive Officer, Hospital Chief Financial Officer and Hospital Chief Medical Officer. The purpose of MVHCS is to hold a 25% equity investment in Basalt Orthopedic Surgery Center, LLC (BOSC). The other 75% equity interest holders are Vail Health Services, Orthopedic Care Partners Management, LLC and The Steadman Clinic, which each have an equal 25% equity interest. MVHCS meets the definition of an investment as defined in

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

GASB Statement No. 72, *Fair Value Measurement and Application*, and thus the equity interest is reported as equity interest in joint venture in the accompanying balance sheets and measured using the equity method of accounting. MVHCS is not considered to be a component unit of the District in accordance with GASB Statement No. 90, *Majority Equity Interests*. Separate financial statements of MVHCS are not available.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific such as county appropriations, ad valorem taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

The District's government-wide financial statements (balance sheets and statements of revenues, expenses and changes in net position and statements of cash flows) are comprised of an enterprise fund and blended component units that use proprietary fund reporting. The only other fund of the District is a fiduciary fund (employee retirement fund) that is excluded from the government-wide financial statements and is presented separately as fund financial statements. The District utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

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, liabilities and deferred inflows and outflows 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.

Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted primarily of money market accounts with financial institutions.

Investments, Equity Interests and Investment Income

Investments in money market investments (U.S. Treasury agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition) and in nonnegotiable certificates of deposit are carried at amortized cost. The equity interest in MVHCS is reported using the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income consists predominantly of interest income.

Noncurrent cash and investments are assets restricted by donors for capital acquisitions, restricted by donors for specific operating activities, contributions receivable restricted by donors, and held by trustees under the Bond Indenture Agreements for debt service. The internally designated funds remain under the control of the District's Board of Directors, which may at its discretion later use the funds for other purposes.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Inventories

Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	7 – 25 years
Buildings	5 – 40 years
Fixed equipment	5 – 20 years
Moveable equipment	3 – 20 years
Employee housing	5 – 25 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital and Lease Asset Impairment

The Hospital evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation or accumulated amortization is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Deferred Outflows of Resources

The District reports consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheets.

Bond Premium and Loss on Refunding

Bond premiums are being amortized over the life of the related debt using the effective interest method. The unamortized bond premiums are included as an addition to revenue bonds payable and are reflected as both current and long-term in the balance sheets. The losses on refunding are being amortized over the term of the related bonds using the straight-line method, which approximates the interest method. The unamortized losses on refunding are included as a deferred outflow of resources in the balance sheets. The amortization of both the bond premiums and the losses on refunding are recorded as a reduction and an addition to interest expense, respectively.

Compensated Absences

District policies permit employees to accumulate vacation and sick leave benefits that may be realized as paid time off (PTO) or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as PTO benefits 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 rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Risk Management

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

The District is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Defined Benefit Pension Plan

The District has a single-employer defined benefit pension plan, the Cash Balance Retirement Plan, (the Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The District reports acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets.

Guarantee

The District has guaranteed the debt of various loan agreements entered into by BOSC. The District is the sole member of MVHCS, and MVHCS holds a 25% equity interest in BOSC. The aggregate amount of the loan agreements is \$11,157,225. The District's share of the guarantee is \$3,719,085. In accordance with accounting principles generally accepted in the United States of America, no liability is required to be recorded for this arrangement.

Net Position

Net position of the Hospital is classified in three components on its balance sheets.

- Net investment in capital assets consists of capital and lease assets net of accumulated depreciation and amortization, and reduced by the outstanding balances of borrowings and lease liabilities used to finance the purchase, use or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and bad debts expense. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Net patient service revenue is reported net of charity care. Charges excluded from revenue under the District's charity care policy were \$3,513,971 and \$2,033,371 for 2024 and 2023, respectively.

Other Operating Revenues

Other operating revenues are revenues generated from ongoing operations (*i.e.*, exchange transactions) that do not meet the definition of patient service revenues.

Ad Valorem Taxes

The District received approximately 3% and 2% of its sources of funds from ad valorem taxes related to the general operating mill levy in both years ending 2024 and 2023, respectively. These funds were used to support the operating and capital needs of the District. The District received approximately 1% of its sources of funds from ad valorem taxes related to the general obligation bond and interest mill levy in 2024 and 2023.

Taxes are recorded as receivables when levied. Deferred inflows of resources are recorded when the taxes are levied and recognized as tax revenues in the following fiscal year.

Due to the passing of Colorado Senate Bill 23B-001, the certification of the 2023 tax levy was delayed until January 3, 2024.

Income Taxes

As a political subdivision of the State of Colorado, the District is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

Note 2. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The *Colorado Public Deposit Protection Act* requires financial institutions to collateralize any uninsured public deposits. Any excess of deposits over the FDIC limit that are not insured are covered by collateral pledged by the financial institution in accordance with the *Colorado Public Deposit Protection Act*.

At December 31, 2024 and 2023, \$750,000 of the District's bank balances of \$106,561,449 and \$95,626,208 were insured by FDIC coverage, respectively. The remainder of the District's bank balances of \$105,811,449 and \$94,876,208, respectively, were protected by the *Colorado Public Deposit Protection Act* noted above.

Investments

The District may legally invest in direct obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies. It may also invest fiduciary funds in other investments. At December 31, 2024 and 2023, investments, not including fiduciary fund assets, amounted to \$2,418,555 and \$2,320,155, respectively. Investments under bond agreements, with the exception of those included in deposits, were invested in direct obligations of the U.S. Government through pooled investments (*i.e.*, money markets). These investments are carried at amortized cost and have maturities of less than one year.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2024</u>	<u>2023</u>
Carrying value		
Deposits	\$ 98,702,896	\$ 88,406,744
Investments	2,418,555	2,320,155
Fiduciary fund assets	35,462,419	32,029,916
Cash on hand and change funds	3,254	3,254
	<u>\$ 136,587,124</u>	<u>\$ 122,760,069</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 89,643,517	\$ 74,658,624
Restricted by donors for capital acquisitions	8,959,050	13,674,188
Restricted by donors for specific operating activities	81,261	77,186
Held by trustee for debt service	2,440,877	2,320,155
Held by trustee under pension plan agreement (fiduciary fund assets)	35,462,419	32,029,916
	<u>\$ 136,587,124</u>	<u>\$ 122,760,069</u>

Note 3. Patient Accounts Receivable

The District grants credit without collateral to its patients, most of whom are insured under third-party payer agreements. Patient accounts receivable, net consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Medicare	\$ 6,574,159	\$ 4,013,369
Medicaid	345,305	341,611
Blue Cross	4,188,598	3,936,461
Other third-party payers	15,302,592	14,177,530
Self-pay	1,571,402	2,150,401
	<u>27,982,056</u>	<u>24,619,372</u>
Less allowance for uncollectible accounts	<u>1,690,846</u>	<u>1,519,048</u>
	<u>\$ 26,291,210</u>	<u>\$ 23,100,324</u>

Note 4. Leases Receivable

The Hospital leases a portion of its space to various third parties, the terms of which expire on February 28, 2032. Payments increase annually based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement.

Revenue recognized under lease contracts during the years ended December 31, 2024 and 2023, were \$400,512 and \$461,561, respectively, which includes both lease revenue and interest.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

Note 5. Capital and Lease Assets

Capital assets activity for the years ended December 31 was:

	2024				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 267,057	\$ -	\$ -	\$ -	\$ 267,057
Land improvements	27,671,864	-	-	-	27,671,864
Buildings	80,034,786	3,310,612	-	44,500	83,389,898
Fixed equipment	76,068,148	29,750	-	-	76,097,898
Moveable equipment	61,659,971	3,657,681	(22,874)	336,363	65,631,141
Employee housing	14,260,042	76,114	-	-	14,336,156
Construction in progress	5,105,417	17,422,407	-	(380,863)	22,146,961
	<u>265,067,285</u>	<u>24,496,564</u>	<u>(22,874)</u>	<u>-</u>	<u>289,540,975</u>
Less accumulated depreciation					
Land improvements	14,747,016	1,456,592	-	-	16,203,608
Buildings	39,395,717	3,331,716	-	-	42,727,433
Fixed equipment	41,549,888	4,328,901	-	-	45,878,789
Moveable equipment	39,566,003	8,211,027	(22,874)	-	47,754,156
Employee housing	8,326,668	465,985	-	-	8,792,653
	<u>143,585,292</u>	<u>17,794,221</u>	<u>(22,874)</u>	<u>-</u>	<u>161,356,639</u>
Capital assets, net	<u>\$ 121,481,993</u>	<u>\$ 6,702,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,184,336</u>

**Aspen Valley Hospital District
Notes to Financial Statements
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	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 267,057	\$ -	\$ -	\$ -	\$ 267,057
Land improvements	27,671,864	-	-	-	27,671,864
Buildings	79,831,028	191,938	-	11,820	80,034,786
Fixed equipment	75,953,991	114,157	-	-	76,068,148
Moveable equipment	52,444,568	6,948,818	(1,345,146)	3,611,731	61,659,971
Employee housing	13,727,215	311,272	-	221,555	14,260,042
Construction in progress	6,395,646	2,554,877	-	(3,845,106)	5,105,417
	<u>256,291,369</u>	<u>10,121,062</u>	<u>(1,345,146)</u>	<u>-</u>	<u>265,067,285</u>
Less accumulated depreciation					
Land improvements	13,146,161	1,600,855	-	-	14,747,016
Buildings	35,978,122	3,417,595	-	-	39,395,717
Fixed equipment	36,720,104	4,829,784	-	-	41,549,888
Moveable equipment	33,107,348	7,790,444	(1,331,789)	-	39,566,003
Employee housing	7,873,303	453,365	-	-	8,326,668
	<u>126,825,038</u>	<u>18,092,043</u>	<u>(1,331,789)</u>	<u>-</u>	<u>143,585,292</u>
Capital assets, net	<u>\$ 129,466,331</u>	<u>\$ (7,970,981)</u>	<u>\$ (13,357)</u>	<u>\$ -</u>	<u>\$ 121,481,993</u>

Lease assets activity for the years ended December 31 was:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Buildings	\$ 5,740,594	\$ 308,920	\$ -	\$ -	\$ 6,049,514
Moveable equipment	1,402,187	11,810	(23,365)	-	1,390,632
	<u>7,142,781</u>	<u>320,730</u>	<u>(23,365)</u>	<u>-</u>	<u>7,440,146</u>
Less accumulated amortization					
Buildings	2,633,894	922,987	-	-	3,556,881
Moveable equipment	595,348	254,111	(23,365)	-	826,094
	<u>3,229,242</u>	<u>1,177,098</u>	<u>(23,365)</u>	<u>-</u>	<u>4,382,975</u>
Lease assets, net	<u>\$ 3,913,539</u>	<u>\$ (856,368)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,057,171</u>

**Aspen Valley Hospital District
Notes to Financial Statements
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	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Buildings	\$ 5,185,879	\$ 554,715	\$ -	\$ -	\$ 5,740,594
Moveable equipment	2,070,608	-	(668,421)	-	1,402,187
	<u>7,256,487</u>	<u>554,715</u>	<u>(668,421)</u>	<u>-</u>	<u>7,142,781</u>
Less accumulated amortization					
Buildings	1,738,382	895,512	-	-	2,633,894
Moveable equipment	998,977	264,792	(668,421)	-	595,348
	<u>2,737,359</u>	<u>1,160,304</u>	<u>(668,421)</u>	<u>-</u>	<u>3,229,242</u>
Lease assets, net	<u>\$ 4,519,128</u>	<u>\$ (605,589)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,913,539</u>

Note 6. Taxes, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

At an election on November 2, 2010, the voters approved a TABOR question (Ballot Issue 5A), which permanently waived the limits of TABOR and the Annual Levy Law for the District.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

Revenue Bonds – Series 2012

Hospital Refunding Revenue Bonds – Series 2012 (Series 2012 bonds) payable in increasing varying annual installments through April 15, 2033, bearing interest rates of 2.125% to 3.75% payable semiannually. The Series 2012 bonds are issued pursuant to and are secured by the Bond Resolution. The bonds are limited obligations payable solely from the net revenues derived from operations of the District.

Upon issuance and delivery of the Series 2012 bonds, the District defeased its outstanding Series 2003 bonds. Proceeds from the bonds were used to pay the principal, interest and redemption premiums on the defeased bonds on September 4, 2012. This advance refunding transaction resulted in an extinguishment of debt since the District was legally released from its obligation on the Series 2003 bonds at the time of defeasance. There are no Series 2003 bonds outstanding which have not been called as of December 31, 2024 and 2023.

The advance refunding of the Series 2003 bonds resulted in an overall future economic benefit for the District. However, an accounting loss of \$194,770 on the extinguishment of the long-term debt was recorded in 2012. This loss on refunding is shown as a deferred outflow of resources in the balance sheets and is being amortized using the straight-line method over the life of the Series 2012 bonds.

Refunding Revenue Note – Series 2016

Refunding Revenue Note – Series 2016 (Series 2016 notes) payable in increasing varying annual installments through October 15, 2026, bearing interest rate of 2.210% payable semiannually. The Series 2016 note is issued pursuant to and is secured by the Bond Resolution. The note is a limited obligation payable solely from the net revenues derived from operations of the District.

Upon issuance and delivery of the Series 2016 note, the District defeased its outstanding Series 2007 bonds. Proceeds from the bonds were used to pay the principal, interest and redemption premiums on the defeased bonds on August 8, 2016. This advance refunding transaction resulted in an extinguishment of debt since the District was legally released from its obligation on the Series 2007 bonds at the time of defeasance. There are no Series 2007 bonds outstanding which have not been called as of December 31, 2024.

The advance refunding of the Series 2007 bonds resulted in an overall future economic benefit for the District. However, an accounting loss of \$507,685 on the extinguishment of the long-term debt was recorded in 2016. This loss on refunding is shown as a deferred outflow of resources in the balance sheets and is being amortized using the straight-line method over the life of the Series 2016 note.

General Obligation Refunding Bonds – Series 2020

The District issued General Obligation Refunding Bonds, Series 2020 (Series 2020 bonds), for the purpose of refunding the Series 2010 bonds and to pay the costs of issuance of the 2020 bonds. The 2020 bonds are payable in increasing varying annual installments through December 1, 2030, bearing an interest rate of 5% payable semiannually. The Series 2020 bonds are general obligations of the District payable from revenues derived from the voter-approved ad valorem tax appropriations.

The advance refunding of the Series 2010 bonds resulted in an overall future economic benefit of approximately \$4,800,000 for the District. However, an accounting loss of \$260,867 on the extinguishment of the long-term debt was recorded in 2020. This loss on refunding is shown as a deferred outflow of resources in the balance sheets and is being amortized using the straight-line method over the life of the Series 2020 bonds.

Financed Capital Purchases

Financed capital purchases are in the form of notes payable to bank and/or vendor, with varying maturity dates through 2030. Principal and interest is payable monthly. Interest rates range from 2.10% to 4.50%. The notes are secured by certain capital assets.

**Aspen Valley Hospital District
Notes to Financial Statements
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Debt Service Requirements

Debt service requirements on long-term debt and financed capital purchases as of December 31, 2024, are as follows:

Year Ending December 31,	General Obligation and Revenue Bonds Payable		Financed Capital Purchases	
	Principal	Interest	Principal	Interest
2025	\$ 3,380,000	\$ 1,293,916	\$ 620,419	\$ 88,468
2026	3,515,000	1,154,234	642,016	66,870
2027	3,660,000	1,007,500	664,460	44,427
2028	3,840,000	824,500	714,754	18,738
2029	4,025,000	632,500	303,540	4,001
2030-2033	8,625,000	878,500	25,584	45
	<u>\$ 27,045,000</u>	<u>\$ 5,791,150</u>	<u>\$ 2,970,773</u>	<u>\$ 222,549</u>

Lease Liabilities

The District leases buildings and equipment, the terms of which expire in various years through 2029. Payments are based on the lease agreements in each specific lease.

The following is a schedule by year of payments under the leases as of December 31, 2024:

Year Ending December 31	Total to Be Paid	Principal	Interest
2025	\$ 1,323,139	\$ 1,194,699	\$ 128,440
2026	947,099	865,207	81,892
2027	634,415	584,077	50,338
2028	552,044	530,154	21,890
2029	195,362	190,727	4,635
	<u>\$ 3,652,059</u>	<u>\$ 3,364,864</u>	<u>\$ 287,195</u>

Note 8. Professional Liability Claims

The District purchases professional liability insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of professional liability claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, an accrual of \$0 and \$100,000 has been recorded as of December 31, 2024 and 2023, respectively. It is reasonably possible that this estimate could change materially in the near term. The District is subject to the provisions of the *Colorado Government Immunity Act* which provides a limitation on the liability of the District.

Note 9. Employee Health Claims

The District partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for all claims in excess of \$200,000 for the years ended December 31, 2024 and 2023, respectively, per individual participant and aggregate stop-loss at predetermined amounts annually. Other accrued liabilities on the balance sheet include an accrual for claims which have been incurred but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors.

Activity in the District’s accrued employee health claims liability during 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,473,231	\$ 833,362
Current year claims incurred and changes in estimates for claims incurred in prior years	9,538,009	9,071,467
Claims and expenses paid	<u>(9,261,803)</u>	<u>(8,431,598)</u>
Balance, end of year	<u>\$ 1,749,437</u>	<u>\$ 1,473,231</u>

Note 10. Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

Medicare. The District is licensed as a CAH. Under this reimbursement system, inpatient acute care and swing-bed services rendered to Medicare program beneficiaries are paid under cost reimbursement methodologies. Outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and cost reimbursement methodologies. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of an annual cost report by the District and audit thereof by the Medicare administrative contractor.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The District is reimbursed for cost-reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor.

Other. The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements is primarily discounts from established charges.

Approximately 43% and 40% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2024 and 2023, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Note 11. Charity Care

The costs of charity care provided under the District's charity care policy were approximately \$2,012,000 and \$1,332,000 for 2024 and 2023, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges from the 2024 and 2023 interim Medicare cost reports, respectively, to the gross uncompensated charges.

Note 12. Fiduciary Funds

Investments

Fiduciary fund assets included in the Cash Balance Retirement Plan (the Plan) of \$35,462,419 and \$32,029,916 at December 31, 2024 and 2023, respectively, are invested in PSAs and are reported at estimated fair value using NAV per share of the PSAs as the practical expedient of fair value. PSAs can be redeemed on a daily basis. Securities traded on a national international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at estimated fair value utilizing an income approach to valuation. None of the funds are subject to concentration of credit risk, custodial credit risk or foreign currency risk.

Note 13. Pension Plans

Defined Contribution Plan

The District provides a 401(a) governmental money purchase pension plan covering substantially all employees who are scheduled to work more than 20 hours per week or 5 months per year. Contribution expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the 401(a) plan. The 401(a) plan is administered by the District's governing body. The 401(a) plan provides retirement and death benefits to 401(a) plan members and their beneficiaries. Benefit and contribution provisions are contained in the 401(a) plan document and were established and can be amended by action of the District's governing body. The District does not have the ability to direct the use, exchange, or employment of the 401(a) plan assets. The service capacity of the 401(a) plan assets are owned by the individual participants. The District's contribution for each eligible employee is calculated as of the contribution date and is equal to 50% of the employee's elective deferral contributions. The District's contributions, for purposes of all employees, excluding the Chief Executive Officer, does not exceed 2.5% of their annual compensation; 5% for purposes of the Chief Executive Officer. Contribution expense to the 401(a) plan was \$1,143,655 and \$842,112 for the years ended December 31, 2024 and 2023, respectively. The District does not control the plan assets.

Deferred Compensation Plan

The District provides a 457(b) plan to substantially all employees of the District. The employees may contribute up to 100% of their salary to the 457(b) plan. The employees' total salary deferral is limited by the Internal Revenue Service (IRS) annually. Employees are always 100% vested in the contributions they choose to defer. If an employee is 50 years old or older and has met the annual IRS deferral limit, the employee may contribute a catch-up deferral that is also limited by the IRS annually. The District does not have the ability to direct the use, exchange, or employment of the 457(b) plan assets. The service capacity of the 457(b) plan assets are owned by the individual participants. Contributions from employees to the 457(b) plan were \$4,632,778 and \$3,950,358 for the years ended December 31, 2024 and 2023, respectively. The District does not make contributions to the 457(b) plan. The District does not control the plan assets.

Note 14. Defined Benefit Plan

Plan Description

Plan administration. The District administers the Plan providing retirement benefits to full-time and half-time employees and their beneficiaries. This Plan is a single-employer defined benefit pension plan wherein a separate cash balance account is established for each employee upon becoming a member of the Plan.

Management of the Plan consists of the Retirement Committee, which consists of such number of individuals as appointed by the Board of Directors or Chief Executive Officer of the Hospital, but in no case is less than three.

Plan membership. Pension plan membership consisted of the following, which includes employees covered by the benefit terms, at December 31:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefits	26	24
Inactive plan members entitled to but not yet receiving benefits	310	307
Active plan members	425	354
	761	685

Benefits Provided

The Plan provides retirement benefits. Normal retirement benefits are attained at age 65, with a monthly annuity payable for life equal to the actuarial equivalent of the projected cash balance account projected with interest to the normal retirement date assuming that the interest credit rate in effect for future years will be the rate in effect on the date of determination. Plan members are allowed to obtain early retirement benefit after six years of vesting services. The benefit for early retirement is equal to the actuarial equivalent of the participant’s accrued benefit on his early retirement age. Death benefits are payable as a monthly annuity to the spouse, deferred to participant’s earliest retirement date if later than date of death in the amount of the present value of the participant’s accrued benefit payable in the normal form. A single lump sum may be elected at any time in lieu of the life annuity.

Contributions

An employee’s benefit under the Plan, subject to certain limitations, is based on the amounts contributed to the employee’s separate account and an annual minimum guaranteed investment rate of return. All investment risks of the Plan are borne by the District. The District makes annual contributions equal to 7.5% of earned salaries for employees who have earned 1,000 qualifying hours during the plan year. Employees vest in District contributions on a graded scale after the employee is credited with a second year of service. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The contribution requirements of the plan members and the District are established and may be amended by the District. Plan participants are not permitted to contribute to the Plan.

Contributions to the Plan for years ended December 31, 2024 and 2023, were \$2,630,002 and \$2,081,124, respectively.

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Notes to Financial Statements
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Pension Reporting

GASB 67 sets forth the requirements for governmental pension plan financial statement reporting, including pension plan financial statements included as a pension trust fund of a government. Accordingly, GASB 67 applies to the District's reporting of its statements of fiduciary net position, statements of changes in fiduciary net position, certain notes to the financial statements, and certain required supplementary information (RSI). GASB 68, adopted in 2015, sets forth the pension reporting requirements for the District in its balance sheets, statements of revenues, expenses and changes in net position, statements of cash flows, certain notes to the financial statements and certain RSI. Because different measurement dates are used for GASB 67 and GASB 68 (GASB 68 is one year earlier than GASB 67), GASB 68 disclosures will correspond to the District's basic financial statements, except for the fiduciary fund statements reported under GASB 67.

GASB STATEMENT NO. 67 (GASB 67)

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the District Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. It also allows the use of derivatives.

Principal Financial Advisors, Inc., a registered investment advisor and wholly-owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation for the Plan. The following was the Board's adopted asset allocation policy as of December 31:

Asset Class	2024 Target Allocation	2023 Target Allocation
U.S. equity - Large cap	32%	32%
U.S. equity - Mid cap	4%	4%
U.S. equity - Small cap	2%	2%
Non-U.S. equity	16%	16%
U.S. private real estate	7%	7%
High yield bond	3%	3%
Core bond	31%	36%
Long government/credit bond	5%	0%
Total	100%	100%

Concentrations. The following are investments (other than those issued or explicitly guaranteed by the U.S. Government), in any one organization, that represent five percent or more of the Plan's fiduciary net position at December 31:

	2024	2023
Principal Financial Group	\$ 35,462,419	\$ 32,029,916

**Aspen Valley Hospital District
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Separate accounts held at the Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts are not rated.

Rate of return. The money-weighted rate of return is calculated as a rate of return on the plan investments incorporating the timing and amount of cash flows, net of investment expense. For the years ended December 31, 2024 and 2023, the annual money-weighted rate of return on plan investments was 9.35% and 13.22%, respectively.

Net Pension Liability of the District

The components of the net pension liability of the District were as follows at December 31:

	<u>2024</u>	<u>2023</u>
Total pension liability	\$ 37,554,104	\$ 33,924,792
Plan fiduciary net position	<u>(35,462,419)</u>	<u>(32,029,916)</u>
District's net pension liability	<u>\$ 2,091,685</u>	<u>\$ 1,894,876</u>
Plan fiduciary net position as percentage of the total pension liability	94.43%	94.41%

Actuarial assumptions. The 2024 total pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024, and the 2023 total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, respectively:

	<u>2024</u>	<u>2023</u>
Long-term inflation, wage base, and compensation limit	2.40%	2.40%
Salary increases	Table S-5 from Actuary's Pension Handbook plus 1.00%	
Investment rate of return	6.00%	6.00%

Mortality rates for the year ended 2024 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

Mortality rates for the year ended 2023 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

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The long-term expected rate of return on pension plan investments was determined by using the actual weighted average asset allocation for the four quarterly dates from March 31, 2024 to December 31, 2024. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table as of December 31:

Asset Class	2024 Long-term Expected Rate of Return	2023 Long-term Expected Rate of Return
U.S. equity - Large cap	7.80%	7.80%
U.S. equity - Mid cap	8.35%	8.35%
U.S. equity - Small cap	8.70%	8.70%
Non-U.S. equity	8.00%	8.00%
U.S. private real estate	6.85%	6.85%
High yield bond	6.30%	6.30%
Core bond	4.40%	4.40%
Long government/credit bond	5.60%	0.00%

Discount rate. The discount rate used to measure the total pension liability at December 31, 2024 and 2023, was 6.00%. The Plan's fiduciary net position and benefit payments were projected to determine the discount rate. Projected fiduciary net position includes expected employer contributions, projected benefit and administrative payments and expected investment return. Projected benefit payments are based on plan provisions and participant data as of the measurement date and include the effects of automatic cost-of-living adjustments, projected salary changes and projected service credits. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the District, calculated using the discount rate of 6.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate as of:

	December 31, 2024		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's net pension liability	\$ 4,607,080	\$ 2,091,685	\$ (98,697)

**Aspen Valley Hospital District
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GASB STATEMENT NO. 68 (GASB 68)

Net Pension (Asset) Liability of the District

Actuarial assumptions. The net pension (asset) liability reported as of December 31, 2024 and 2023, was measured as of December 31, 2023 and 2022, respectively, using the total pension (asset) liability that was determined by actuarial valuations as of December 31, 2022 and 2021, respectively, rolled forward to December 31, 2023 and 2022, respectively, using the following actuarial assumptions:

	<u>2024</u>	<u>2023</u>
Long-term inflation, wage base, and compensation limit	2.40%	2.40%
Salary increases	Table S-5 from Actuary's Pension Handbook plus 1.00%	
Investment rate of return	6.00%	6.00%

Mortality rates for the year ended 2023 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

Mortality rates for the year ended 2022 were based on the Pri-2012 Total Dataset Base Rate Mortality table projected generationally using MP-2021.

The long-term expected rate of return on pension plan investments was determined by using the actual weighted average asset allocation for the four quarterly dates from March 31, 2023 to December 31, 2023. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table as of December 31, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
U.S. equity - Large cap	32%	7.80%
U.S. equity - Mid cap	4%	8.35%
U.S. equity - Small cap	2%	8.70%
Non-U.S. equity	16%	8.00%
U.S. private real estate	7%	6.85%
High yield bond	3%	6.30%
Core bond	36%	4.40%
	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension (asset) liability at December 31, 2024 and 2023, was 6.00%. The Plan's fiduciary net position and benefit payments were projected to determine the discount rate. Projected fiduciary net position includes expected employer contributions, projected benefit and administrative payments, and expected investment return. Projected benefit payments are based on plan provisions and participant data as of the measurement date and include the effects of automatic cost-of-living adjustments, projected salary changes and projected service credits. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023

Changes in the Net Pension (Asset) Liability

	December 31, 2024		
	Increases (Decreases)		
	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances, beginning of year	\$ 32,235,852	\$ 28,934,569	\$ 3,301,283
Changes for the year			
Service cost	1,395,348	-	1,395,348
Interest	1,959,453	-	1,959,453
Benefit payments	(2,632,097)	(2,632,097)	-
Differences between expected and actual experience	110,732	-	110,732
Changes in benefit terms	855,504	-	855,504
Employer contributions	-	2,081,124	(2,081,124)
Net investment income	-	3,776,935	(3,776,935)
Administrative expenses	-	(130,615)	130,615
Net changes	1,688,940	3,095,347	(1,406,407)
Balances, end of year	\$ 33,924,792	\$ 32,029,916	\$ 1,894,876
	December 31, 2023		
	Increases (Decreases)		
	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances, beginning of year	\$ 31,829,379	\$ 36,358,448	\$ (4,529,069)
Changes for the year			
Service cost	1,494,143	-	1,494,143
Interest	1,652,754	-	1,652,754
Benefit payments	(2,813,438)	(2,813,438)	-
Differences between expected and actual experience	(119,555)	-	(119,555)
Changes in assumptions	192,569	-	192,569
Employer contributions	-	584,991	(584,991)
Net investment income	-	(5,062,861)	5,062,861
Administrative expenses	-	(132,571)	132,571
Net changes	406,473	(7,423,879)	7,830,352
Balances, end of year	\$ 32,235,852	\$ 28,934,569	\$ 3,301,283

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the District, calculated using the discount rate of 6.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate as of:

	December 31, 2024		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's net pension liability	\$ 4,123,698	\$ 1,894,876	\$ (39,031)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the years ended December 31, 2024 and 2023, the District recognized pension expense of \$2,066,381 and \$1,875,815, respectively. At December 31, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,454	\$ 117,078
Changes in assumptions	88,480	8,357
Net differences between projected and actual earnings on pension plan investments	4,135,808	2,939,149
District's contributions subsequent to the measurement date	2,630,002	-
Total	<u>\$ 6,933,744</u>	<u>\$ 3,064,584</u>

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,575	\$ 242,780
Changes in assumptions	142,899	58,119
Net differences between projected and actual earnings on pension plan investments	5,514,410	2,733,163
District's contributions subsequent to the measurement date	2,081,124	-
Total	<u>\$ 7,746,008</u>	<u>\$ 3,034,062</u>

At December 31, 2024, the District reported \$2,630,002 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at December 31, 2025.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2025	\$ 137,127
2026	535,133
2027	979,551
2028	<u>(412,653)</u>
	<u>\$ 1,239,158</u>

Payable to the Pension Plan

At December 31, 2024 and 2023, there are no reported payables for the outstanding amount of contributions to the Plan required for the years ended December 31, 2024 and 2023.

Note 15. Contingencies

Professional Liability Claims

Estimates related to the accrual for professional liability claims are described in *Notes 1 and 8*.

Employee Health Claims

Estimates related to the accrual for employee health claims are described in *Notes 1 and 9*.

General Litigation

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

Note 16. Condensed Combining Information

The following tables include condensed combining balance sheet information for the District and its component units as of December 31, 2024 and 2023:

	2024					
	Blended Component Units					
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total
Assets and Deferred						
Outflows of Resources						
Current assets	\$ 167,974,389	\$ 9,230,210	\$ 609,513	\$ 2,824,562	\$ (44,714,786)	\$ 135,923,888
Noncurrent cash and investments	7,944,273	-	-	7,944,577	-	15,888,850
Capital assets, net	127,937,247	-	247,089	-	-	128,184,336
Lease assets, net	2,095,540	865,618	96,013	-	-	3,057,171
Other assets	3,446,597	-	-	-	-	3,446,597
Total assets	309,398,046	10,095,828	952,615	10,769,139	(44,714,786)	286,500,842
Deferred outflows of resources	7,127,663	-	-	-	-	7,127,663
Total assets and deferred outflows of resources	<u>\$ 316,525,709</u>	<u>\$ 10,095,828</u>	<u>\$ 952,615</u>	<u>\$ 10,769,139</u>	<u>\$ (44,714,786)</u>	<u>\$ 293,628,505</u>
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities	\$ 35,283,818	\$ 44,298,369	\$ 744,921	\$ -	\$ (44,714,786)	\$ 35,612,322
Long-term debt	27,959,181	-	-	-	-	27,959,181
Long-term liabilities	3,251,629	813,412	-	-	-	4,065,041
Total liabilities	66,494,628	45,111,781	744,921	-	(44,714,786)	67,636,544
Deferred inflows of resources	15,761,848	-	-	-	-	15,761,848
Net position	234,269,233	(35,015,953)	207,694	10,769,139	-	210,230,113
Total liabilities, deferred inflows of resources and net position	<u>\$ 316,525,709</u>	<u>\$ 10,095,828</u>	<u>\$ 952,615</u>	<u>\$ 10,769,139</u>	<u>\$ (44,714,786)</u>	<u>\$ 293,628,505</u>

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

	2023					
	Blended Component Units					
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total
Assets and Deferred						
Outflows of Resources						
Current assets	\$ 139,056,762	\$ 6,024,872	\$ 562,077	\$ 1,062,793	\$ (36,605,407)	\$ 110,101,097
Noncurrent cash and investments	12,135,258	-	-	9,095,428	-	21,230,686
Capital assets, net	120,906,245	-	575,748	-	-	121,481,993
Lease assets, net	2,700,728	1,099,855	112,956	-	-	3,913,539
Other assets	3,983,409	-	-	-	(515,109)	3,468,300
Total assets	278,782,402	7,124,727	1,250,781	10,158,221	(37,120,516)	260,195,615
Deferred outflows of resources	8,010,435	-	-	-	-	8,010,435
Total assets and deferred outflows of resources	<u>\$ 286,792,837</u>	<u>\$ 7,124,727</u>	<u>\$ 1,250,781</u>	<u>\$ 10,158,221</u>	<u>\$ (37,120,516)</u>	<u>\$ 268,206,050</u>
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities	\$ 26,405,535	\$ 36,210,524	\$ 695,222	\$ -	\$ (36,605,407)	\$ 26,705,874
Long-term debt	32,657,343	-	-	-	-	32,657,343
Long-term liabilities	5,394,564	1,043,543	40,450	-	-	6,478,557
Total liabilities	64,457,442	37,254,067	735,672	-	(36,605,407)	65,841,774
Deferred inflows of resources	4,358,487	-	-	-	-	4,358,487
Net position	217,976,908	(30,129,340)	515,109	10,158,221	(515,109)	198,005,789
Total liabilities, deferred inflows of resources and net position	<u>\$ 286,792,837</u>	<u>\$ 7,124,727</u>	<u>\$ 1,250,781</u>	<u>\$ 10,158,221</u>	<u>\$ (37,120,516)</u>	<u>\$ 268,206,050</u>

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its component units for the years ended December 31, 2024 and 2023:

2024						
	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Operating revenues	\$ 156,741,668	\$ 3,656,624	\$ 53,900	\$ -	\$ (504,832)	\$ 159,947,360
Operating expenses	154,113,384	8,486,709	358,201	1,668,525	(504,832)	164,121,987
Operating income (loss)	2,628,284	(4,830,085)	(304,301)	(1,668,525)	-	(4,174,627)
Nonoperating revenues (expenses)	10,747,746	(56,528)	(3,114)	4,543,227	515,109	15,746,440
Excess (deficiency) of revenues over expenses	13,376,030	(4,886,613)	(307,415)	2,874,702	515,109	11,571,813
Other	2,916,295	-	-	(2,263,784)	-	652,511
Change in net position	16,292,325	(4,886,613)	(307,415)	610,918	515,109	12,224,324
Net position, beginning of year	217,976,908	(30,129,340)	515,109	10,158,221	(515,109)	198,005,789
Net position, end of year	<u>\$ 234,269,233</u>	<u>\$ (35,015,953)</u>	<u>\$ 207,694</u>	<u>\$ 10,769,139</u>	<u>\$ -</u>	<u>\$ 210,230,113</u>

2023						
	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Operating revenues	\$ 137,739,053	\$ 3,451,135	\$ 1,537	\$ -	\$ (433,356)	\$ 140,758,369
Operating expenses	144,430,075	7,413,057	506,634	1,798,777	(433,356)	153,715,187
Operating income (loss)	(6,691,022)	(3,961,922)	(505,097)	(1,798,777)	-	(12,956,818)
Nonoperating revenues (expenses)	5,314,725	(66,922)	696,959	4,216,919	(191,862)	9,969,819
Excess (deficiency) of revenues over expenses	(1,376,297)	(4,028,844)	191,862	2,418,142	(191,862)	(2,986,999)
Other	3,149,229	-	-	(619,408)	-	2,529,821
Change in net position	1,772,932	(4,028,844)	191,862	1,798,734	(191,862)	(457,178)
Net position, beginning of year	216,203,976	(26,100,496)	323,247	8,359,487	(323,247)	198,462,967
Net position, end of year	<u>\$ 217,976,908</u>	<u>\$ (30,129,340)</u>	<u>\$ 515,109</u>	<u>\$ 10,158,221</u>	<u>\$ (515,109)</u>	<u>\$ 198,005,789</u>

**Aspen Valley Hospital District
Notes to Financial Statements
December 31, 2024 and 2023**

The following tables include condensed combining statements of cash flows information for the District and its component units for the years ended December 31, 2024 and 2023:

	2024					
	Blended Component Units					
Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total	
Net cash provided by (used in):						
Operating activities	\$ 20,810,013	\$ 3,684,390	\$ 50,431	\$ 125,945	\$ -	\$ 24,670,779
Noncapital financing activities	7,936,589	-	-	2,671,038	-	10,607,627
Capital and related financing activities	(28,929,958)	(232,631)	(47,035)	1,404,006	-	(27,805,618)
Investing activities	5,681,118	(2)	-	(2,759,352)	-	2,921,764
Increase in cash and cash equivalents	5,497,762	3,451,757	3,396	1,441,637	-	10,394,552
Cash and cash equivalents, beginning of year	79,949,628	5,322,378	553,352	4,904,795	-	90,730,153
Cash and cash equivalents, end of year	<u>\$ 85,447,390</u>	<u>\$ 8,774,135</u>	<u>\$ 556,748</u>	<u>\$ 6,346,432</u>	<u>\$ -</u>	<u>\$ 101,124,705</u>
	2023					
	Blended Component Units					
Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	Total	
Net cash provided by (used in):						
Operating activities	\$ (1,580,521)	\$ 2,981,686	\$ (650,432)	\$ 11,953	\$ -	\$ 762,686
Noncapital financing activities	5,018,380	-	-	2,318,246	-	7,336,626
Capital and related financing activities	(12,614,053)	(270,399)	(47,033)	1,348,813	-	(11,582,672)
Investing activities	4,166,127	-	702,211	(3,030,806)	-	1,837,532
Increase (decrease) in cash and cash equivalents	(5,010,067)	2,711,287	4,746	648,206	-	(1,645,828)
Cash and cash equivalents, beginning of year	84,959,695	2,611,091	548,606	4,256,589	-	92,375,981
Cash and cash equivalents, end of year	<u>\$ 79,949,628</u>	<u>\$ 5,322,378</u>	<u>\$ 553,352</u>	<u>\$ 4,904,795</u>	<u>\$ -</u>	<u>\$ 90,730,153</u>

Required Supplementary Information

**Aspen Valley Hospital District
Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios
Cash Balance Retirement Plan
GASB Statement No. 67
Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability			
Service cost	\$ 1,506,629	\$ 1,395,348	\$ 1,494,143
Interest	2,057,492	1,959,453	1,652,754
Differences between expected and actual experience	1,944,600	110,732	(119,555)
Changes in assumptions	-	-	192,569
Changes in benefit terms	157,954	855,504	-
Benefit payments	<u>(2,037,363)</u>	<u>(2,632,097)</u>	<u>(2,813,438)</u>
Net change in total pension liability	3,629,312	1,688,940	406,473
Total pension liability - beginning	<u>33,924,792</u>	<u>32,235,852</u>	<u>31,829,379</u>
Total pension liability - ending (a)	<u>\$ 37,554,104</u>	<u>\$ 33,924,792</u>	<u>\$ 32,235,852</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,630,002	\$ 2,081,124	\$ 584,991
Contributions - other	-	-	-
Net investment income (expense)	2,974,879	3,776,935	(5,062,861)
Benefit payments	(2,037,363)	(2,632,097)	(2,813,438)
Administrative expense	<u>(135,015)</u>	<u>(130,615)</u>	<u>(132,571)</u>
Net change in plan fiduciary net position	3,432,503	3,095,347	(7,423,879)
Plan fiduciary net position - beginning	<u>32,029,916</u>	<u>28,934,569</u>	<u>36,358,448</u>
Plan fiduciary net position - ending (b)	<u>\$ 35,462,419</u>	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>
District's net pension (asset) liability - ending (a) - (b)	<u>\$ 2,091,685</u>	<u>\$ 1,894,876</u>	<u>\$ 3,301,283</u>
Plan fiduciary net position as a percentage of the total pension liability	94.43%	94.41%	89.76%
Covered payroll	\$ 40,956,699	\$ 33,861,347	\$ 31,812,683
District's net pension (asset) liability as a percentage of covered payroll	5.11%	5.60%	10.38%
Long-term inflation, wage base, and compensation limit	2.40%	2.40%	2.40%

Notes to Schedule:

The covered payroll shown in this statement is the reported payroll for the measurement period.

Aspen Valley Hospital District
Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios
Cash Balance Retirement Plan (Continued)
GASB Statement No. 67
Years Ended December 31

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,557,931	\$ 1,422,852	\$ 1,433,736	\$ 1,338,539	\$ 1,117,611	\$ 1,020,686	\$ 962,923
1,660,033	1,843,314	1,757,931	1,638,650	1,834,455	1,695,279	1,590,521
(282,912)	27,000	(300,418)	294,722	(434,374)	314,061	50,485
6,409	(204,973)	(9,268)	1,639	(272,791)	(22,423)	(10,786)
-	-	-	29,611	-	(9,803)	-
<u>(2,676,860)</u>	<u>(1,764,387)</u>	<u>(1,086,492)</u>	<u>(1,356,934)</u>	<u>(1,281,502)</u>	<u>(1,421,746)</u>	<u>(836,696)</u>
264,601	1,323,806	1,795,489	1,946,227	963,399	1,576,054	1,756,447
<u>31,564,778</u>	<u>30,240,972</u>	<u>28,445,483</u>	<u>26,499,256</u>	<u>25,535,857</u>	<u>23,959,803</u>	<u>22,203,356</u>
<u>\$ 31,829,379</u>	<u>\$ 31,564,778</u>	<u>\$ 30,240,972</u>	<u>\$ 28,445,483</u>	<u>\$ 26,499,256</u>	<u>\$ 25,535,857</u>	<u>\$ 23,959,803</u>
\$ 1,354,525	\$ 1,651,833	\$ 2,148,306	\$ 1,952,317	\$ 1,827,477	\$ 1,555,740	\$ 1,365,917
-	-	-	-	-	8,354	-
4,105,624	3,509,826	4,681,502	(1,572,858)	3,271,296	1,329,355	(156,525)
(2,676,860)	(1,764,387)	(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)	(836,696)
<u>(132,721)</u>	<u>(132,056)</u>	<u>(132,111)</u>	<u>(132,271)</u>	<u>(134,831)</u>	<u>(68,397)</u>	<u>(6,220)</u>
2,650,568	3,265,216	5,611,205	(1,109,746)	3,682,440	1,403,306	366,476
<u>33,707,880</u>	<u>30,442,664</u>	<u>24,831,459</u>	<u>25,941,205</u>	<u>22,258,765</u>	<u>20,855,459</u>	<u>20,488,983</u>
<u>\$ 36,358,448</u>	<u>\$ 33,707,880</u>	<u>\$ 30,442,664</u>	<u>\$ 24,831,459</u>	<u>\$ 25,941,205</u>	<u>\$ 22,258,765</u>	<u>\$ 20,855,459</u>
<u>\$ (4,529,069)</u>	<u>\$ (2,143,102)</u>	<u>\$ (201,692)</u>	<u>\$ 3,614,024</u>	<u>\$ 558,051</u>	<u>\$ 3,277,092</u>	<u>\$ 3,104,344</u>
114.23%	106.79%	100.67%	87.29%	97.89%	87.17%	87.04%
\$ 30,885,159	\$ 35,094,297	\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173
-14.66%	-6.11%	-0.60%	10.82%	1.84%	12.53%	13.25%
2.25%	2.25%	2.25%	2.00%	2.00%	2.25%	2.25%

**Aspen Valley Hospital District
Schedule of the District's Contributions
Cash Balance Retirement Plan
GASB Statements No. 67 and No. 68
Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 2,631,170	\$ 2,081,122	\$ -	\$ 1,354,525
Contributions in relation to the actuarially determined contribution	<u>2,630,002</u>	<u>2,081,124</u>	<u>584,991</u>	<u>1,354,525</u>
Contribution deficiency (excess)	<u>\$ 1,168</u>	<u>\$ (2)</u>	<u>\$ (584,991)</u>	<u>\$ -</u>
Covered payroll	\$ 40,956,699	\$ 33,861,347	\$ 31,812,683	\$ 30,885,159
Contributions as a percentage of covered payroll	6.42%	6.15%	1.84%	4.39%
Long-term inflation	2.40%	2.40%	2.40%	2.25%
Investment rate of return	6.00%	6.00%	6.00%	5.20%
Mortality scale	MP-2021	MP-2021	MP-2021	MP-2021

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	10 years
Asset valuation method	Market value of assets, as of the measurement date
Salary increases	Table S-5 from Actuary Pension Handbook plus 1%
Retirement age	Active and inactive participants are assumed to retire at Normal Retirement Age as defined in Plan Provisions.
Mortality	Pri-2012 Total dataset base rate mortality table

**Aspen Valley Hospital District
Schedule of the District's Contributions
Cash Balance Retirement Plan (Continued)
GASB Statements No. 67 and No. 68
Years Ended December 31**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,651,833	\$ 2,148,306	\$ 1,766,329	\$ 1,878,025	\$ 1,586,110	\$ 1,260,846
<u>1,651,833</u>	<u>2,148,306</u>	<u>1,952,317</u>	<u>1,827,477</u>	<u>1,555,740</u>	<u>1,365,917</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (185,988)</u>	<u>\$ 50,548</u>	<u>\$ 30,370</u>	<u>\$ (105,071)</u>
\$ 35,094,297	\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173
4.71%	6.41%	5.85%	6.03%	5.95%	5.83%
2.25%	2.25%	2.25%	2.00%	2.00%	2.25%
5.20%	6.00%	6.00%	6.00%	7.00%	7.00%
MP-2020	MP-2019	MP-2018	MP-2017	MP-2016	MP-2015

**Aspen Valley Hospital District
Schedule of Investment Returns
Cash Balance Retirement Plan
GASB Statement No. 67
Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	9.35%	13.22%	-14.40%	12.38%

**Aspen Valley Hospital District
Schedule of Investment Returns
Cash Balance Retirement Plan (Continued)
GASB Statement No. 67
Years Ended December 31**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
11.51%	18.49%	-5.94%	14.45%	6.41%	-1.54%

**Aspen Valley Hospital District
Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios
Cash Balance Retirement Plan
GASB Statement No. 68
Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability				
Service cost	\$ 1,395,348	\$ 1,494,143	\$ 1,557,931	\$ 1,422,852
Interest	1,959,453	1,652,754	1,660,033	1,843,314
Differences between expected and actual experience	110,732	(119,555)	(282,912)	27,000
Changes of assumptions	-	192,569	6,409	(204,973)
Changes of benefit terms	855,504	-	-	-
Benefit payments	(2,632,097)	(2,813,438)	(2,676,860)	(1,764,387)
Net change in total pension liability	<u>1,688,940</u>	<u>406,473</u>	<u>264,601</u>	<u>1,323,806</u>
Total pension liability - beginning	<u>32,235,852</u>	<u>31,829,379</u>	<u>31,564,778</u>	<u>30,240,972</u>
Total pension liability - ending (a)	<u>\$ 33,924,792</u>	<u>\$ 32,235,852</u>	<u>\$ 31,829,379</u>	<u>\$ 31,564,778</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,081,124	\$ 584,991	\$ 1,354,525	\$ 1,651,833
Contributions - other	-	-	-	-
Net investment income	3,776,935	(5,062,861)	4,105,624	3,509,826
Benefit payments	(2,632,097)	(2,813,438)	(2,676,860)	(1,764,387)
Administrative expense	(130,615)	(132,571)	(132,721)	(132,056)
Net change in plan fiduciary net position	<u>3,095,347</u>	<u>(7,423,879)</u>	<u>2,650,568</u>	<u>3,265,216</u>
Plan fiduciary net position - beginning	<u>28,934,569</u>	<u>36,358,448</u>	<u>33,707,880</u>	<u>30,442,664</u>
Plan fiduciary net position - ending (b)	<u>\$ 32,029,916</u>	<u>\$ 28,934,569</u>	<u>\$ 36,358,448</u>	<u>\$ 33,707,880</u>
District's net pension (asset) liability - ending (a) - (b)	<u>\$ 1,894,876</u>	<u>\$ 3,301,283</u>	<u>\$ (4,529,069)</u>	<u>\$ (2,143,102)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.41%	89.76%	114.23%	106.79%
Covered payroll	\$ 33,861,347	\$ 31,812,683	\$ 30,885,159	\$ 35,094,297
District's net pension (asset) liability as a percentage of covered payroll	5.60%	10.38%	-14.66%	-6.11%
Long-term inflation, wage base, and compensation limit	2.40%	2.40%	2.40%	2.25%

Notes to Schedule:

The covered payroll shown in this statement is the reported payroll for the measurement period.

Aspen Valley Hospital District
Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios
Cash Balance Retirement Plan (Continued)
GASB Statement No. 68
Years Ended December 31

2020	2019	2018	2017	2016	2015
\$ 1,433,736	\$ 1,338,539	\$ 1,117,611	\$ 1,020,686	\$ 962,923	\$ 1,013,451
1,757,931	1,638,650	1,834,455	1,695,279	1,590,521	1,416,739
(300,418)	294,722	(434,374)	314,061	50,485	576,188
(9,268)	1,639	(272,791)	(22,423)	(10,786)	379,430
-	29,611	-	(9,803)	-	-
(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)	(836,696)	(711,956)
1,795,489	1,946,227	963,399	1,576,054	1,756,447	2,673,852
28,445,483	26,499,256	25,535,857	23,959,803	22,203,356	19,529,504
<u>\$ 30,240,972</u>	<u>\$ 28,445,483</u>	<u>\$ 26,499,256</u>	<u>\$ 25,535,857</u>	<u>\$ 23,959,803</u>	<u>\$ 22,203,356</u>
\$ 2,148,306	\$ 1,952,317	\$ 1,827,477	\$ 1,555,740	\$ 1,365,917	\$ 1,158,533
-	-	-	8,354	-	-
4,681,502	(1,572,858)	3,271,296	1,329,355	(156,525)	1,014,456
(1,086,492)	(1,356,934)	(1,281,502)	(1,421,746)	(836,696)	(711,956)
(132,111)	(132,271)	(134,831)	(68,397)	(6,220)	(2,130)
5,611,205	(1,109,746)	3,682,440	1,403,306	366,476	1,458,903
24,831,459	25,941,205	22,258,765	20,855,459	20,488,983	19,030,080
<u>\$ 30,442,664</u>	<u>\$ 24,831,459</u>	<u>\$ 25,941,205</u>	<u>\$ 22,258,765</u>	<u>\$ 20,855,459</u>	<u>\$ 20,488,983</u>
<u>\$ (201,692)</u>	<u>\$ 3,614,024</u>	<u>\$ 558,051</u>	<u>\$ 3,277,092</u>	<u>\$ 3,104,344</u>	<u>\$ 1,714,373</u>
100.67%	87.29%	97.89%	87.17%	87.04%	92.28%
\$ 33,492,762	\$ 33,387,929	\$ 30,308,890	\$ 26,159,424	\$ 23,424,173	\$ 20,859,646
-0.60%	10.82%	1.84%	12.53%	13.25%	8.22%
2.25%	2.25%	2.00%	2.00%	2.25%	2.25%

Supplementary Information

**Aspen Valley Hospital District
Statement of Budgeted and Actual Revenues and Expenses
Year Ended December 31, 2024**

	Budgeted Amount Original	Actual	Favorable (Unfavorable) Variance
Operating Revenues			
Net patient service revenue	\$ 129,398,686	\$ 154,271,297	\$ 24,872,611
Other	6,694,607	6,180,895	(513,712)
Total operating revenues	<u>136,093,293</u>	<u>160,452,192</u>	<u>24,358,899</u>
Operating Expenses	<u>155,499,577</u>	<u>162,958,294</u>	<u>(7,458,717)</u>
Operating Loss	<u>(19,406,284)</u>	<u>(2,506,102)</u>	<u>16,900,182</u>
Nonoperating Revenues (Expenses)			
Ad valorem taxes	10,413,045	11,392,503	979,458
Investment income	1,661,922	2,724,931	1,063,009
Interest expense	(875,761)	(996,779)	(121,018)
Community assistance programs	(677,525)	(738,839)	(61,314)
Noncapital contributions	20,000	114,330	94,330
Change in equity interest in joint venture	-	368,340	368,340
Change in equity interest in MIC	-	(515,109)	(515,109)
Gain on sale of capital assets	-	53,973	53,973
Forgiveness of related party debt	-	(1,715,246)	(1,715,246)
Total nonoperating revenues	<u>10,541,681</u>	<u>10,688,104</u>	<u>146,423</u>
Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions, Capital Contributions and Transfers	<u>(8,864,603)</u>	<u>8,182,002</u>	<u>17,046,605</u>
Transfers from related party	2,800,000	2,916,295	116,295
Change in Net Position	<u>\$ (6,064,603)</u>	<u>\$ 11,098,297</u>	<u>\$ 17,162,900</u>

Notes to Schedule:

Annual budgets are adopted as required by Colorado statutes. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

Budgeted Amount Original and Actual columns only include the financial information for the Hospital, ACMC and MIC and does not include the Foundation.

Budgets are adopted by resolution in total. There were no supplemental budgets adopted during 2024.

**Aspen Valley Hospital District
Combining Schedule – Balance Sheet Information
December 31, 2024**

Assets and Deferred Outflows of Resources

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Current Assets						
Cash and cash equivalents	\$ 77,503,117	\$ 8,774,135	\$ 556,748	\$ 2,809,517	\$ -	\$ 89,643,517
Patient accounts receivable, net of allowance; \$1,690,846	25,787,585	455,860	47,765	-	-	26,291,210
Estimated amounts due from third-party payers	336,110	-	-	-	-	336,110
Due from related party	44,714,786	-	-	-	(44,714,786)	-
Property tax levy receivable	11,737,470	-	-	-	-	11,737,470
Other receivables	1,567,418	-	5,000	15,045	-	1,587,463
Leases receivable	323,093	-	-	-	-	323,093
Inventories	3,460,771	-	-	-	-	3,460,771
Prepaid expenses	2,544,039	215	-	-	-	2,544,254
Total current assets	167,974,389	9,230,210	609,513	2,824,562	(44,714,786)	135,923,888
Noncurrent Cash and Investments						
Restricted by donors for capital acquisitions	5,452,385	-	-	3,506,665	-	8,959,050
Restricted by donors for specific operating activities	51,011	-	-	30,250	-	81,261
Contributions receivable, net	-	-	-	4,407,662	-	4,407,662
Held by trustee for debt service	2,440,877	-	-	-	-	2,440,877
	7,944,273	-	-	7,944,577	-	15,888,850
Capital Assets, Net	127,937,247	-	247,089	-	-	128,184,336
Lease Assets, Net	2,095,540	865,618	96,013	-	-	3,057,171
Other Assets						
Equity interests in joint ventures	2,274,814	-	-	-	-	2,274,814
Leases receivable	693,311	-	-	-	-	693,311
Other	478,472	-	-	-	-	478,472
	3,446,597	-	-	-	-	3,446,597
Total assets	309,398,046	10,095,828	952,615	10,769,139	(44,714,786)	286,500,842
Deferred Outflows of Resources						
Pensions	6,933,744	-	-	-	-	6,933,744
Unamortized loss on refunding's of prior bond issuances	193,919	-	-	-	-	193,919
	7,127,663	-	-	-	-	7,127,663
Total assets and deferred outflows of resources	\$ 316,525,709	\$ 10,095,828	\$ 952,615	\$ 10,769,139	\$ (44,714,786)	\$ 293,628,505

Aspen Valley Hospital District
Combining Schedule – Balance Sheet Information (Continued)
December 31, 2024

Liabilities, Deferred Inflows of Resources and Net Position

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Current Liabilities						
Current maturities of long-term debt	\$ 4,698,162	\$ -	\$ -	\$ -	\$ -	\$ 4,698,162
Current portion of lease liabilities	906,692	249,697	38,310	-	-	1,194,699
Accounts payable	12,859,380	215	27	-	-	12,859,622
Accrued salaries, benefits and payroll taxes	5,386,359	-	-	-	-	5,386,359
Other accrued liabilities	3,542,195	36,878	3,377	-	-	3,582,450
Construction payable	348,001	-	-	-	-	348,001
Due to related party	-	44,011,579	703,207	-	(44,714,786)	-
Estimated amounts due to third-party payers	7,543,029	-	-	-	-	7,543,029
Total current liabilities	35,283,818	44,298,369	744,921	-	(44,714,786)	35,612,322
Long-term Debt						
Bonds payable	25,608,827	-	-	-	-	25,608,827
Financed capital purchases	2,350,354	-	-	-	-	2,350,354
	27,959,181	-	-	-	-	27,959,181
Long-term Liabilities						
Lease liabilities	1,356,753	813,412	-	-	-	2,170,165
Net pension liability	1,894,876	-	-	-	-	1,894,876
	3,251,629	813,412	-	-	-	4,065,041
Total liabilities	66,494,628	45,111,781	744,921	-	(44,714,786)	67,636,544
Deferred Inflows of Resources						
Leases	959,794	-	-	-	-	959,794
Deferred property tax levy	11,737,470	-	-	-	-	11,737,470
Pensions	3,064,584	-	-	-	-	3,064,584
	15,761,848	-	-	-	-	15,761,848
Net Position						
Net investment in capital assets	94,957,917	(197,491)	304,792	-	-	95,065,218
Restricted - expendable for						
Debt service	2,440,877	-	-	-	-	2,440,877
Capital acquisitions	5,452,385	-	-	7,914,327	-	13,366,712
Specific operating activities	51,011	-	-	30,250	-	81,261
Unrestricted	131,367,043	(34,818,462)	(97,098)	2,824,562	-	99,276,045
Total net position	234,269,233	(35,015,953)	207,694	10,769,139	-	210,230,113
Total liabilities, deferred inflows of resources and net position	\$ 316,525,709	\$ 10,095,828	\$ 952,615	\$ 10,769,139	\$ (44,714,786)	\$ 293,628,505

**Aspen Valley Hospital District
Combining Schedule – Revenues, Expenses and Changes
in Net Position Information
Year Ended December 31, 2024**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Operating Revenues						
Net patient service revenue	\$ 150,631,913	\$ 3,585,484	\$ 53,900	\$ -	\$ -	\$ 154,271,297
Other	6,109,755	71,140	-	-	(504,832)	5,676,063
Total operating revenues	156,741,668	3,656,624	53,900	-	(504,832)	159,947,360
Operating Expenses						
Salaries and wages	50,853,107	6,274,009	12,599	843,007	-	57,982,722
Contract labor	4,998,796	175,657	-	42,000	-	5,216,453
Supplies and other	79,870,001	1,802,806	-	783,518	(504,832)	81,951,493
Depreciation	17,465,562	-	328,659	-	-	17,794,221
Amortization	925,918	234,237	16,943	-	-	1,177,098
Total operating expenses	154,113,384	8,486,709	358,201	1,668,525	(504,832)	164,121,987
Operating Income (Loss)	2,628,284	(4,830,085)	(304,301)	(1,668,525)	-	(4,174,627)
Nonoperating Revenues (Expenses)						
Ad valorem taxes	11,392,503	-	-	-	-	11,392,503
Investment income (loss)	2,724,933	(2)	-	156,943	-	2,881,874
Interest expense	(937,139)	(56,526)	(3,114)	-	-	(996,779)
Community assistance programs	(738,839)	-	-	-	-	(738,839)
Noncapital contributions	114,330	-	-	2,671,038	-	2,785,368
Change in equity interests in joint ventures	368,340	-	-	-	-	368,340
Change in equity interest in MIC	(515,109)	-	-	-	515,109	-
Gain on sale of capital assets	53,973	-	-	-	-	53,973
Forgiveness of related party debt	(1,715,246)	-	-	1,715,246	-	-
Total nonoperating revenues (expenses)	10,747,746	(56,528)	(3,114)	4,543,227	515,109	15,746,440
Excess (Deficiency) of Revenues Over Expenses Before Capital Contributions, Provision (Credit) for Uncollectible Capital Contributions and Transfers	13,376,030	(4,886,613)	(307,415)	2,874,702	515,109	11,571,813
Capital contributions	-	-	-	264,472	-	264,472
Provision for uncollectible capital contributions	-	-	-	388,039	-	388,039
Transfers from (to) related party	2,916,295	-	-	(2,916,295)	-	-
Change in Net Position	16,292,325	(4,886,613)	(307,415)	610,918	515,109	12,224,324
Net Position, Beginning of Year	217,976,908	(30,129,340)	515,109	10,158,221	(515,109)	198,005,789
Net Position, End of Year	\$ 234,269,233	\$ (35,015,953)	\$ 207,694	\$ 10,769,139	\$ -	\$ 210,230,113

**Aspen Valley Hospital District
Combining Schedule – Cash Flows Information
Year Ended December 31, 2024**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Cash Flows From Operating Activities						
Receipts from and on behalf of patients	\$ 153,616,401	\$ 3,809,570	\$ 9,860	\$ -	\$ -	\$ 157,435,831
Payments to suppliers	(79,084,876)	(1,978,463)	(57)	(825,518)	-	(81,888,914)
Payments to employees	(50,367,352)	(6,274,009)	(12,599)	(843,007)	-	(57,496,967)
Other receipts (payments), net	(3,354,160)	8,127,292	53,227	1,794,470	-	6,620,829
Net cash provided by operating activities	20,810,013	3,684,390	50,431	125,945	-	24,670,779
Cash Flows From Noncapital Financing Activities						
Ad valorem taxes	8,489,329	-	-	-	-	8,489,329
Community assistance programs	(667,070)	-	-	-	-	(667,070)
Noncapital contributions	114,330	-	-	2,671,038	-	2,785,368
Net cash provided by noncapital financing activities	7,936,589	-	-	2,671,038	-	10,607,627
Cash Flows From Capital and Related Financing Activities						
Ad valorem taxes	2,860,665	-	-	-	-	2,860,665
Purchases of capital assets	(24,148,563)	-	-	-	-	(24,148,563)
Proceeds from sale of capital assets	53,973	-	-	-	-	53,973
Principal payments on long-term debt	(5,334,643)	-	-	-	-	(5,334,643)
Interest payments on long-term debt	(1,568,305)	-	-	-	-	(1,568,305)
Principal payments received on leases receivable	365,632	-	-	-	-	365,632
Interest payments received on leases receivable	34,880	-	-	-	-	34,880
Principal paid on leases payable	(1,070,007)	(176,105)	(43,921)	-	-	(1,290,033)
Interest paid on leases payable	(123,590)	(56,526)	(3,114)	-	-	(183,230)
Capital contributions	-	-	-	1,404,006	-	1,404,006
Net cash provided by (used in) capital and related financing activities	(28,929,958)	(232,631)	(47,035)	1,404,006	-	(27,805,618)
Cash Flows From Investing Activities						
Investment income	2,764,823	(2)	-	156,943	-	2,921,764
Transfer of equity	2,916,295	-	-	(2,916,295)	-	-
Purchase of equity interests in joint ventures	-	-	-	-	-	-
Advances to and investments in equity investee	-	-	-	-	-	-
Net cash provided by (used in) investing activities	5,681,118	(2)	-	(2,759,352)	-	2,921,764
Increase in Cash and Cash Equivalents	5,497,762	3,451,757	3,396	1,441,637	-	10,394,552
Cash and Cash Equivalents, Beginning of Year	79,949,628	5,322,378	553,352	4,904,795	-	90,730,153
Cash and Cash Equivalents, End of Year	\$ 85,447,390	\$ 8,774,135	\$ 556,748	\$ 6,346,432	\$ -	\$ 101,124,705

**Aspen Valley Hospital District
Combining Schedule – Cash Flows Information (Continued)
Year Ended December 31, 2024**

	Blended Component Units					Total
	Aspen Valley Hospital	Aspen Valley Hospital District Clinics, PLLC	Mid-Valley Imaging Center, LLC	Aspen Valley Hospital Foundation	Eliminations	
Reconciliation of Cash and Cash Equivalents to the Balance Sheets						
Cash and cash equivalents	\$ 77,503,117	\$ 8,774,135	\$ 556,748	\$ 2,809,517	\$ -	\$ 89,643,517
Restricted by donors for capital acquisitions	5,452,385	-	-	3,506,665	-	8,959,050
Restricted by donors for specific operating activities	51,011	-	-	30,250	-	81,261
Held by trustee for debt service	2,440,877	-	-	-	-	2,440,877
Total cash and cash equivalents	<u>\$ 85,447,390</u>	<u>\$ 8,774,135</u>	<u>\$ 556,748</u>	<u>\$ 6,346,432</u>	<u>\$ -</u>	<u>\$ 101,124,705</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities						
Operating loss	\$ 2,628,284	\$ (4,830,085)	\$ (304,301)	\$ (1,668,525)	\$ -	\$ (4,174,627)
Depreciation	17,465,562	-	328,659	-	-	17,794,221
Amortization	925,918	234,237	16,943	-	-	1,177,098
Provision for uncollectible accounts	5,510,949	233,371	-	-	-	5,744,320
Change in operating assets and liabilities						
Patient accounts receivable	(8,904,214)	13,048	(44,040)	-	-	(8,935,206)
Other receivables	698,282	-	-	79,224	-	777,506
Inventories	38,759	-	-	-	-	38,759
Prepaid expenses	(721,882)	-	-	-	-	(721,882)
Other assets	(9,797,566)	8,056,152	53,227	1,715,246	-	27,059
Accounts payable	5,728,502	-	(57)	-	-	5,728,445
Accrued salaries, benefits and payroll taxes	1,049,376	-	-	-	-	1,049,376
Other accrued liabilities	738,542	(22,333)	-	-	-	716,209
Estimated amounts due from and to third-party payers	6,377,753	-	-	-	-	6,377,753
Deferred inflows of resources - leases	(364,631)	-	-	-	-	(364,631)
Net pension asset/liability	(563,621)	-	-	-	-	(563,621)
Net cash provided by operating activities	<u>\$ 20,810,013</u>	<u>\$ 3,684,390</u>	<u>\$ 50,431</u>	<u>\$ 125,945</u>	<u>\$ -</u>	<u>\$ 24,670,779</u>
Noncash Investing, Capital and Financing Activities						
Lease obligation incurred for lease assets	\$ 320,730	\$ -	\$ -	\$ -	\$ -	\$ 320,730
Amortization of loss on refunding	\$ 70,508	\$ -	\$ -	\$ -	\$ -	\$ 70,508
Amortization of bond premiums	\$ 790,384	\$ -	\$ -	\$ -	\$ -	\$ 790,384
Change in equity interests in joint ventures	\$ (146,769)	\$ -	\$ -	\$ -	\$ -	\$ (146,769)
Forgiveness of related party debt	\$ (1,715,246)	\$ -	\$ -	\$ 1,715,246	\$ -	\$ -