

# Rangely Hospital District doing business as Rangely District Hospital

Basic Financial Statements and  
Independent Auditors' Report

December 31, 2024 and 2023

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Table of Contents**

	<b>Page</b>
<i>INDEPENDENT AUDITORS' REPORT</i>	1-3
<i>BASIC FINANCIAL STATEMENTS:</i>	
Statements of net position	4-5
Statements of revenues, expenses, and changes in net position	6
Statements of cash flows	7-8
Notes to financial statements	9-22
<i>SUPPLEMENTARY INFORMATION:</i>	
Schedule of budget and actual revenues and expenses	23



## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

We have audited the accompanying financial statements of Rangely Hospital District doing business as Rangely District Hospital (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter – New Accounting Guidance**

As discussed in Note 1 to the financial statements, in 2024, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter – Restatement of 2023 Financial Statements**

Net position as of December 31, 2023, has been restated for the correction of material misstatements related to estimated third-party payor settlements. See Note 2 for the disclosure of the correction of the material misstatements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS 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, including omissions, 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of budget and actual revenues and expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*D3A PLLC*

Spokane Valley, Washington  
August 13, 2025

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Statements of Net Position**  
**December 31, 2024 and 2023**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2024</b>	<b>2023</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 10,622,046	\$ 9,838,072
Receivables:		
Patient accounts	1,917,850	970,270
Property taxes	6,807,344	7,875,781
Estimated third-party payor settlements	237,000	799,243
CARES Act Employee Retention Credit	738,174	-
Other	557,517	849,780
Inventories	907,397	736,570
Prepaid expenses	510,218	374,142
Total current assets	22,297,546	21,443,858
<i>Noncurrent assets</i>		
Restricted cash and cash equivalents	455,497	501,335
Investment in Healthcare Management, LLC	67,563	67,563
Depreciable capital assets, net	19,760,540	16,871,418
Nondepreciable capital assets	1,746,176	3,583,106
Total noncurrent assets	22,029,776	21,023,422
Total assets	44,327,322	42,467,280
<i>Deferred outflows of resources, deferred charge on debt refunding</i>	136,824	211,455
<b>Total assets and deferred outflows of resources</b>	<b>\$ 44,464,146</b>	<b>\$ 42,678,735</b>

*See accompanying notes to financial statements.*

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Statements of Net Position (Continued)**  
**December 31, 2024 and 2023**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>2024</b>	<b>2023</b>
<i>Current liabilities</i>		
Accounts payable	\$ 305,962	\$ 241,211
Capital accounts payable	736,691	906,657
Accrued compensation and related liabilities	1,298,704	1,177,038
Current maturities of long-term debt and lease liabilities	2,992,299	3,115,237
Unearned revenues	26,192	21,505
Interest payable	11,549	18,848
Total current liabilities	5,371,397	5,480,496
<i>Noncurrent liabilities</i>		
Long-term debt and lease liabilities, net of current maturities	2,400,047	5,359,836
Total liabilities	7,771,444	10,840,332
<i>Deferred inflows of resources, property taxes</i>	6,830,661	7,880,337
Total liabilities and deferred inflows of resources	14,602,105	18,720,669
<i>Net position, restated</i>		
Net investment in capital assets	15,514,503	11,284,249
Unrestricted, restated	13,892,041	12,172,482
Restricted	455,497	501,335
Total net position, restated	29,862,041	23,958,066
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 44,464,146</b>	<b>\$ 42,678,735</b>

*See accompanying notes to financial statements.*

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<i>Operating revenues</i>		
Patient care service revenue	\$ 19,078,118	\$ 16,469,145
Other	1,108,768	1,412,743
<b>Total operating revenues</b>	<b>20,186,886</b>	<b>17,881,888</b>
<i>Operating expenses</i>		
Salaries and wages	9,188,970	8,645,911
Employee benefits	2,990,488	2,878,736
Professional fees and other purchased services	3,143,435	3,120,949
Supplies	3,775,927	3,402,783
Depreciation and amortization	2,008,225	1,730,497
Utilities	350,105	355,090
Repairs and maintenance	389,172	221,277
Other	1,238,295	863,951
<b>Total operating expenses</b>	<b>23,084,617</b>	<b>21,219,194</b>
<i>Operating loss</i>	<b>(2,897,731)</b>	<b>(3,337,306)</b>
<i>Nonoperating revenues (expenses)</i>		
Taxation for maintenance and operations	4,881,694	3,773,602
Taxation for bond principal and interest	3,261,139	3,239,765
Grants and contributions	199,464	11,673
CARES Act Employee Retention Credit	738,174	-
Investment income	315,373	252,565
Tax collection expense	(387,159)	(338,487)
Interest expense	(206,979)	(233,234)
<b>Total nonoperating revenues net</b>	<b>8,801,706</b>	<b>6,705,884</b>
Change in net position	5,903,975	3,368,578
Net position, beginning of year, restated	23,958,066	20,589,488
<b>Net position, end of year, restated</b>	<b>\$ 29,862,041</b>	<b>\$ 23,958,066</b>

*See accompanying notes to financial statements.*

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
<b><i>Change in Cash and Cash Equivalents</i></b>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of patients	\$ 18,692,781	\$ 16,443,145
Cash received from other revenue	1,405,437	851,113
Payments to and on behalf of employees	(12,057,792)	(11,350,896)
Payments to suppliers and contractors	(9,139,086)	(8,695,572)
Net cash from operating activities	(1,098,660)	(2,752,210)
<i>Cash flows from noncapital financing activities</i>		
Property taxes for maintenance and operations	4,900,455	3,778,158
Proceeds from grants and contributions	204,151	123,446
Payments for tax collection	(387,159)	(338,487)
Net cash from noncapital financing activities	4,717,447	3,563,117
<i>Cash flows from capital and related financing activities</i>		
Purchase of capital assets	(3,176,299)	(2,416,418)
Principal paid on long-term debt and lease liabilities	(3,141,217)	(3,000,405)
Interest paid on long-term debt and lease liabilities	(139,647)	(165,434)
Property taxes for bond principal and interest	3,261,139	3,239,765
Net cash from capital and related financing activities	(3,196,024)	(2,342,492)
<i>Cash flows from investing activities</i>		
Investment income	315,373	252,565
Net change in cash and cash equivalents	738,136	(1,279,020)
Cash and cash equivalents, beginning of year	10,339,407	11,618,427
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,077,543</b>	<b>\$ 10,339,407</b>

*See accompanying notes to financial statements.*

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
<b><i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i></b>		
Cash and cash equivalents in current assets	\$ 10,622,046	\$ 9,838,072
Restricted cash and cash equivalents	455,497	501,335
<b>Total cash and cash equivalents</b>	<b>\$ 11,077,543</b>	<b>\$ 10,339,407</b>
<b><i>Reconciliation of Operating Loss to Net Cash From Operating Activities</i></b>		
Operating loss	\$ (2,897,731)	\$ (3,337,306)
<i>Adjustments to reconcile operating loss to net cash from operating activities:</i>		
Depreciation and amortization	2,008,225	1,730,497
Provision for bad debts	389,667	1,044,997
Disposal of capital assets	4,406	5,577
(Increase) decrease in assets:		
Receivables:		
Patient accounts receivable	(1,337,247)	(468,975)
Estimated third-party payor settlements	562,243	(602,022)
Other	292,263	(567,207)
Inventories	(170,827)	(46,089)
Prepaid expenses	(136,076)	2,319
Increase (decrease) in liabilities:		
Accounts payable	64,751	(687,752)
Accrued compensation and related liabilities	121,666	173,751
<b>Net cash from operating activities</b>	<b>\$ (1,098,660)</b>	<b>\$ (2,752,210)</b>

**Noncash capital financing activities**

During the years ended December 31, 2024 and 2023, the District recognized lease right-of-use assets and related liabilities totaling \$63,490 and \$268,519, respectively.

*See accompanying notes to financial statements.*

**Rangely Hospital District  
doing business as Rangely District Hospital  
Notes to Financial Statements  
Years Ended December 31, 2024 and 2023**

**1. Reporting Entity and Summary of Significant Accounting Policies:**

**a. Reporting Entity**

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

**b. Summary of Significant Accounting Policies**

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

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

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

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

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

***Restricted cash and cash equivalents*** – Restricted cash and cash equivalents include cash and cash equivalents reserved for debt service and an externally restricted scholarship endowment fund.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

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

**b. Summary of Significant Accounting Policies (continued)**

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

Estimated useful lives are as follows:

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

**Compensated absences** – The District’s policies permit most employees to accumulate benefits for paid time off (PTO) and sick leave. The expense and the related liability are recognized as PTO and sick leave benefits and are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay rate in effect at the statement of net position dates plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date. PTO hours accrue up to 168 hours per year for employees with up to 59 months of service, up to 208 hours for 60-119 months of service, and up to 248 hours for 120 months of service and above. The maximum number of PTO hours that an employee can carry forward from one year to the next is 320 hours for those with up to 119 months of service and 400 hours for those with 120 months of service and above. Sick leave hours accrue up to 48 hours per year for all employees. Unused hours are carried forward to the next year. Accrued sick leave is accrued at the amount expected to be used and is estimated based on historical usage patterns.

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

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

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

**b. Summary of Significant Accounting Policies (continued)**

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

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

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

***Change in accounting principle*** – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to update the recognition and measurement guidance for compensated absences. The District adopted Statement No. 101 during the year ended December 31, 2024. See Note 1 for additional information on the compensated absences recorded by the District. This change in accounting principle resulted in additional accrued PTO of \$170,000 being recognized at December 31, 2024, 2023, and 2022. Net position as of December 31, 2022, decreased by \$170,000. The change in accounting principle had no impact on change in net position in 2024 or 2023.

***Reclassifications*** – Certain amounts have been reclassified in the 2023 financial statements in order to be consistent with the 2024 financial statements. These reclassifications had no effect on previously reported change in net position.

***Subsequent events*** – The District has evaluated subsequent events and transactions through August 13, 2025, the date on which the financial statements were available to be issued.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**2. Prior Period Adjustment:**

The District has restated its financial statements as of and for the year ended December 31, 2023, for the correction of an error and for a change in accounting principle as noted in Note 1. The District previously recorded third-party payor settlements that were based on a Medicare cost report that understated the number of swing bed days. As a result of corrections for this error, the District's net assets have been restated and decreased by \$477,000 to reflect these changes. See Note 1 for a description of the change in net assets due to the change in accounting principle. The effects of the restatements are as follows:

Net position at December 31, 2023, as previously reported	\$ 24,605,066
Adjustment to estimated third-party settlements	(477,000)
Adjustment to accrued compensation and related liabilities	(170,000)
<b>Net position at December 31, 2023, as restated</b>	<b>\$ 23,958,066</b>
Change in net position at December 31, 2023, as previously reported	\$ 3,845,578
Adjustment to patient care service revenue	(477,000)
<b>Change in net position at December 31, 2023, as restated</b>	<b>\$ 3,368,578</b>

**3. Deposits and Investments:**

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

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

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

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

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**3. Deposits and Investments (continued):**

*Investments (continued)* – At December 31, 2024 and 2023, the District had \$118,925 and \$116,231, respectively, invested in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST.

Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2024, the District's investment in COLOTRUST was rated AAAM by Standard & Poor's.

The District is a founding member of Western Healthcare Alliance, a group of rural hospitals, since 1989 and through that organization became an owner of Healthcare Management, LLC (the Company) in 1993. The Company provides collection agency services through A-1 Collections and healthcare consulting services through Western Healthcare Alliance. The District has a 1.03 percent equity interest in the Company. The equity interest value was approximately \$68,000 as of December 31, 2024 and 2023, based on K-1 information.

**4. Patient Accounts Receivable:**

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

The District's allowance for uncollectible accounts for self-pay patients increased compared to the prior year due to an increase in self-pay patient revenue. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**4. Patient Accounts Receivable (continued):**

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

	<b>2024</b>	<b>2023</b>
Receivable from patients and their insurance carriers	\$ 3,358,807	\$ 2,296,382
Receivable from Medicare	888,048	541,441
Receivable from Medicaid	143,178	214,934
Total patient accounts receivable	<b>4,390,033</b>	3,052,757
Less allowance for uncollectible accounts	<b>(2,472,183)</b>	(2,082,487)
<b>Patient accounts receivable, net</b>	<b>\$ 1,917,850</b>	<b>\$ 970,270</b>

**5. Restricted Cash and Cash Equivalents:**

The composition of restricted cash and cash equivalents reported by the District consisted of the following amounts:

	<b>2024</b>	<b>2023</b>
Debt service funds	\$ 406,369	\$ 455,551
Donor restricted funds	47,146	44,816
Long-term care personal needs funds	1,982	968
<b>Total restricted cash and cash equivalents</b>	<b>\$ 455,497</b>	<b>\$ 501,335</b>

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**6. Capital Assets:**

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

	Balance December 31, 2023	Additions	Retirements	Transfers	Balance December 31, 2024
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 463,118	\$ -	\$ -	\$ -	\$ 463,118
Construction in progress	3,119,988	1,283,058	-	(3,119,988)	1,283,058
<b>Total capital assets not being depreciated or amortized</b>	<b>3,583,106</b>	<b>1,283,058</b>	<b>-</b>	<b>(3,119,988)</b>	<b>1,746,176</b>
<i>Capital assets being depreciated or amortized</i>					
Land improvements	602,458	-	-	-	602,458
Buildings and improvements	32,111,127	655,659	-	2,931,004	35,697,790
Major movable equipment	11,713,264	1,062,616	(124,336)	188,984	12,840,528
Lease right-of-use assets - equipment	864,121	63,490	-	-	927,611
<b>Total capital assets being depreciated or amortized</b>	<b>45,290,970</b>	<b>1,781,765</b>	<b>(124,336)</b>	<b>3,119,988</b>	<b>50,068,387</b>
<i>Less accumulated depreciation and amortization</i>					
Land improvements	578,456	4,364	-	-	582,820
Buildings and improvements	18,009,575	1,213,117	-	-	19,222,692
Major movable equipment	9,572,420	635,389	(119,930)	-	10,087,879
Lease right-of-use assets - equipment	259,101	155,355	-	-	414,456
<b>Total accumulated depreciation and amortization</b>	<b>28,419,552</b>	<b>2,008,225</b>	<b>(119,930)</b>	<b>-</b>	<b>30,307,847</b>
<b>Total capital assets being depreciated or amortized</b>	<b>16,871,418</b>	<b>(226,460)</b>	<b>(4,406)</b>	<b>3,119,988</b>	<b>19,760,540</b>
<b>Capital assets, net</b>	<b>\$ 20,454,524</b>	<b>\$ 1,056,598</b>	<b>\$ (4,406)</b>	<b>\$ -</b>	<b>\$ 21,506,716</b>
	Balance December 31, 2022	Additions	Retirements	Transfers	Balance December 31, 2023
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 463,118	\$ -	\$ -	\$ -	\$ 463,118
Construction in progress	1,633,345	2,476,743	-	(990,100)	3,119,988
<b>Total capital assets not being depreciated or amortized</b>	<b>2,096,463</b>	<b>2,476,743</b>	<b>-</b>	<b>(990,100)</b>	<b>3,583,106</b>
<i>Capital assets being depreciated or amortized</i>					
Land improvements	602,458	-	-	-	602,458
Buildings and improvements	31,753,686	357,441	-	-	32,111,127
Major movable equipment	11,395,205	250,055	(922,096)	990,100	11,713,264
Lease right-of-use assets - equipment	595,602	268,519	-	-	864,121
<b>Total capital assets being depreciated or amortized</b>	<b>44,346,951</b>	<b>876,015</b>	<b>(922,096)</b>	<b>990,100</b>	<b>45,290,970</b>
<i>Less accumulated depreciation and amortization</i>					
Land improvements	565,600	12,856	-	-	578,456
Buildings and improvements	16,919,342	1,090,233	-	-	18,009,575
Major movable equipment	9,940,280	548,658	(916,518)	-	9,572,420
Lease right-of-use assets - equipment	180,351	78,750	-	-	259,101
<b>Total accumulated depreciation and amortization</b>	<b>27,605,573</b>	<b>1,730,497</b>	<b>(916,518)</b>	<b>-</b>	<b>28,419,552</b>
<b>Total capital assets being depreciated or amortized</b>	<b>16,741,378</b>	<b>(854,482)</b>	<b>(5,578)</b>	<b>990,100</b>	<b>16,871,418</b>
<b>Capital assets, net</b>	<b>\$ 18,837,841</b>	<b>\$ 1,622,261</b>	<b>\$ (5,578)</b>	<b>\$ -</b>	<b>\$ 20,454,524</b>

Construction in progress as of December 31, 2024, is primarily composed of costs related to construction of an MRI suite. The remaining cost to complete the MRI suite as of December 31, 2024, was approximately \$3,000,000 and the project was completed in April 2025.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**7. Long-term Debt and Lease Liabilities:**

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

	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Amounts Due Within One Year
General Obligation Refunding Loan, Series 2021	\$ 7,870,000	\$ -	\$ (2,990,000)	\$ 4,880,000	\$ 2,905,000
Lease liabilities	605,073	58,490	(151,217)	512,346	87,299
<b>Total long-term debt and other noncurrent liabilities</b>	<b>\$ 8,475,073</b>	<b>\$ 58,490</b>	<b>\$ (3,141,217)</b>	<b>\$ 5,392,346</b>	<b>\$ 2,992,299</b>

  

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
General Obligation Refunding Loan, Series 2021	\$ 10,800,000	\$ -	\$ (2,930,000)	\$ 7,870,000	\$ 2,990,000
Lease liabilities	419,699	255,779	(70,405)	605,073	125,237
<b>Total long-term debt and other noncurrent liabilities</b>	<b>\$ 11,219,699</b>	<b>\$ 255,779</b>	<b>\$ (3,000,405)</b>	<b>\$ 8,475,073</b>	<b>\$ 3,115,237</b>

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

**General Obligation Refunding Loan, Series 2021** – The District issued a general obligation loan, “General Obligation Refunding Loan, Series 2021,” on August 4, 2021, with a general obligation totaling \$13,650,000. Principal payment on the Series 2021 loan began on November 1, 2022, payable in annual principal installments ranging from \$1,975,000 to \$2,905,000, plus interest of 1.42 percent through December 2026.

The Bond Resolution establishes the “Rangely Hospital District General Obligation Loan, Series 2021, Reserve Fund” (the Reserve Fund) as additional security for the Series 2021 loan. The Reserve Fund is included with restricted cash and cash equivalents in the financial statements. Debt service payments for the Series 2021 loan will be made from tax revenue. The voters of the District approved the Series 2021 loan and a special levy to pay the principal and interest.

**Lease liabilities** – Various lease obligations are payable to various lenders in the aggregate original amount of approximately \$630,000, due in monthly payments between \$100 and \$2,822, including interest from 3.0 to 8.5 percent, through April 2034. The District’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**7. Long-term Debt and Lease Liabilities (continued):**

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

Years Ending December 31,	Long-term Debt		Lease Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 2,905,000	\$ 70,258	\$ 87,299	\$ 25,165
2026	1,975,000	28,512	78,814	20,002
2027	-	-	57,343	15,516
2028	-	-	58,911	12,534
2029	-	-	48,777	9,368
2030-2034	-	-	181,202	16,678
	<b>\$ 4,880,000</b>	<b>\$ 98,770</b>	<b>\$ 512,346</b>	<b>\$ 99,263</b>

**8. Patient Care Service Revenue:**

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

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

- **Medicare** – The District has been designated a critical access hospital and Rangely Family Medicine as a rural health clinic by Medicare, and are reimbursed for inpatient, outpatient, and clinic services on a cost basis as defined and limited by the Medicare program. The District is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. Nonrural health clinic physician services are reimbursed on a fee schedule. Skilled nursing services are reimbursed under a prospective payment system.
- **Medicaid** – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicaid outpatient services are paid based on prospectively determined rates. Rural health clinic encounters are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by Medicaid. Physician services are reimbursed on a fee schedule.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**8. Patient Care Service Revenue (continued):**

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient care service revenue increased by approximately \$289,000 and \$256,000 in the years ended December 31, 2024 and 2023, respectively, due to differences between original estimates and final settlements or revised estimates.

The District is reimbursed for Medicaid rural health clinic rates at the higher of the prospectively determined rate or the cost per encounter as determined by the District's annual Medicare cost reports. For the years ended December 31, 2024 and 2023, the District has estimated receivables of approximately \$500,000 for Medicaid rural health clinic settlements.

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

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The District did not have significant costs of caring for charity care patients for the years ended December 31, 2024 and 2023. The District received no gifts or grants to subsidize the cost of caring for charity care patients in 2024 or 2023.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**8. Patient Care Service Revenue (continued):**

The composition of patient care service revenue by primary payor is as follows:

	<b>2024</b>	<b>2023</b>
Patient care service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 8,012,948	\$ 7,783,427
Medicaid	2,121,747	1,942,298
Other third-party payors	4,278,878	3,118,360
Patients	1,027,406	839,483
Supplemental payments	1,963,670	1,783,481
Retail pharmacy	2,063,136	2,047,093
	<b>19,467,785</b>	<b>17,514,142</b>
Less:		
Provision for bad debts	389,667	1,044,997
<b>Net patient care service revenue</b>	<b>\$ 19,078,118</b>	<b>\$ 16,469,145</b>

**9. Property Taxes:**

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

Taxes are due in two equal amounts by February 28 and June 15, or all may be paid by April 30. The assessed property is subject to lien on the levy date. Taxes estimated to be collectible are recorded as revenue in the year of the levy by the District. No allowance for uncollectible taxes receivable is considered necessary at the statement of net position dates. A deferred inflow of resources and a receivable were recorded at December 31, 2024 and 2023, for taxes levied for 2024 and 2023, respectively.

For 2024, the District's regular tax levy was \$13.05 per \$1,000 on a total assessed valuation of \$282,111,270, for a total regular levy of \$3,681,552. The District's debt service tax levy was \$11.08 per \$1,000, for a total debt service tax levy of \$3,125,792.

For 2023, the District's regular tax levy was \$13.05 per \$1,000 on a total assessed valuation of \$354,879,220, for a total regular levy of \$4,631,173. The District's debt service tax levy was \$9.20 per \$1,000, for a total debt service levy of \$3,249,164.

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**10. Deferred Contribution Plans:**

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

Under the 457 Plan, the employee is eligible to participate after the first day of the month coinciding with or next following the date the employee completes three consecutive months of services. The employee may elect to reduce their compensation by a specific percentage or dollar amount and have that amount contributed to the plan. The employee is always 100 percent vested in all their accounts in the plan. Total employee contributions were approximately \$298,000 and \$278,000 in the years ended December 31, 2024 and 2023, respectively.

Under the 401a Plan, the employee is eligible to participate after 12 consecutive months of service in which an employee completes 1,000 or more hours. Employee participation will begin on January 1 or July 1 coinciding with or immediately following the fulfillment of the eligibility requirement. The District is required to contribute up to 4 percent of the employee's wages for all eligible employees. The District contributions vest at: less than two years of service, -0- percent; two but less than three years of service, 20 percent; three but less than four years of service, 60 percent; four but less than five years of service, 80 percent; and five or more years of service, 100 percent. The District's total contributions were approximately \$166,000 and \$158,000 in the years ended December 31, 2024 and 2023, respectively.

**11. Contingencies and Commitments:**

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

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

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

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**11. Contingencies and Commitments (continued):**

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

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

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

**12. Concentration of Credit Risk:**

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

	<b>2024</b>	<b>2023</b>
Medicare	<b>18 %</b>	<b>18 %</b>
Medicaid	<b>8</b>	<b>10</b>
Other third-party payors	<b>18</b>	<b>21</b>
Patients	<b>56</b>	<b>51</b>
	<b>100 %</b>	<b>100 %</b>

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

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Notes to Financial Statements (Continued)**  
**Years Ended December 31, 2024 and 2023**

**13. CARES Act Employee Retention Credit:**

The District is eligible for the CARES Act Employee Retention Credit (ERC), which is a refundable payroll tax credit subject to certain criteria. The District claimed the ERC in 2024 in the amount of \$579,124 by amending its Form 941 Employer Quarterly Federal Tax Returns for the quarter ended March 31, 2021. The Internal Revenue Service also calculated interest on the ERC of \$159,050 that will be included in the total payment to the District. The District used a consultant to assist with the filing and claiming of the ERC. Per the contract, the District is to pay the consultant a total of \$86,869. The District anticipates receiving the ERC in the year ending December 31, 2025.

Laws and regulations concerning the ERC are complex and subject to varying interpretations. ERC claims may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the District's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the District.

As of December 31, 2024, the District recorded a receivable in the amount of \$738,174 in the accompanying statements of net position, which includes the ERC and the related interest, a payable to the consultant in the amount of \$86,869, which is included in accounts payable in the accompanying statements of net position, and nonoperating revenue in the amount of \$738,174 and professional fees expense in the amount of \$86,869 in the accompanying statements of revenues, expenses, and changes in net position.

**SUPPLEMENTARY INFORMATION**

**Rangely Hospital District**  
**doing business as Rangely District Hospital**  
**Schedule of Budget and Actual Revenues and Expenses**  
**Year Ended December 31, 2024**

	2024	Final Approved Budget	Favorable (Unfavorable) Variance
<i>Operating revenues</i>			
Net patient care service revenue	\$ 19,078,118	\$ 15,777,370	\$ 3,300,748
Other	1,108,768	611,868	496,900
<b>Total operating revenues</b>	<b>20,186,886</b>	<b>16,389,238</b>	<b>3,797,648</b>
<i>Operating expenses</i>			
Salaries and wages	9,188,970	9,988,277	799,307
Employee benefits	2,990,488	3,391,253	400,765
Professional fees and other purchased services	3,143,435	3,019,088	(124,347)
Supplies	3,775,927	2,488,017	(1,287,910)
Depreciation and amortization	2,008,225	1,940,000	(68,225)
Utilities	350,105	391,776	41,671
Other	1,627,467	2,808,362	1,180,895
<b>Total operating expenses</b>	<b>23,084,617</b>	<b>24,026,773</b>	<b>942,156</b>
<i>Operating loss</i>	<b>(2,897,731)</b>	<b>(7,637,535)</b>	<b>4,739,804</b>
<i>Nonoperating revenues (expenses)</i>			
Property taxes	8,142,833	8,010,333	132,500
CARES Act Employee Retention Credit	738,174	-	738,174
Other	(79,301)	(202,616)	123,315
<b>Total nonoperating revenues, net</b>	<b>8,801,706</b>	<b>7,807,717</b>	<b>993,989</b>
<b>Change in net position</b>	<b>\$ 5,903,975</b>	<b>\$ 170,182</b>	<b>\$ 5,733,793</b>

*See accompanying independent auditors' report.*